

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

DIVISION OF INSURANCE  
STATE OF ILLINOIS/IDFPR  
**FILED**

MAR 19 2007

SPRINGFIELD, ILLINOIS

**I. APPLICATION OF MANUAL RULES**

- A. The rules contained in these pages shall govern the writing of Professional Liability policies for Healthcare Provider specialties described in Section XV below.
- B. The rules, rates, rating plans and forms filed on behalf of the Company, and not in conflict herewith, shall govern in all cases not specifically provided for herein.

**II. POLICY TERM**

Policies may be written for a term of one year, and renewed annually thereafter.

**III. PREMIUM COMPUTATION**

- A. Compute the premium at policy inception using the rates and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates and rating plans then in effect.
- B. Prorate the premium when a policy is issued for other than a whole year.
- C. Premiums are calculated as specified for the respective coverage. Premium rounding will be done at each step of the computation process in accordance with the Whole Dollar Rule, as opposed to rounding the final premium.

**IV. FACTORS OR MULTIPLIERS**

Wherever applicable, factors or multipliers are to be applied consecutively and not added together.

**V. WHOLE DOLLAR RULE**

In the event the rating procedure does not result in a whole dollar:

- A. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;
- B. any amount involving \$.49 or less shall be rounded down to the next lower whole dollar amount.

**VI. ADDITIONAL PREMIUM CHARGES**

- A. Prorate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

**VII. RETURN PREMIUM**

- A. Compute return premium at the rates used to calculate the policy premium at the inception of this policy period.
- B. Compute return premium pro rata and round in accordance with the Whole Dollar Rule when any coverage or exposure is deleted or an amount of insurance is reduced.

*superseded*  
*5-1-08*

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**VIII. DECREASED LIMITS OF LIABILITY**

When lower limits are offered, they will be provided on the following basis:

Limits of Liability	Decreased Limit Factor
\$100,000 / \$300,000	.64
\$100,000 / \$500,000	.65
\$200,000 / \$600,000	.69
\$250,000 / \$750,000	.71
\$200,000 / \$1,000,000	.71
\$500,000 / \$500,000	.76
\$500,000 / \$1,000,000	.79
\$500,000 / \$2,500,000	.83
\$1,000,000 / \$1,000,000	.94
\$1,000,000 / \$2,000,000	.95
\$1,000,000 / \$3,000,000	.96
\$1,000,000 / \$5,000,000	.98

Rates are derived using the standard \$1,000,000 / \$6,000,000 base rates.

**IX. INCREASED LIMITS OF LIABILITY**

When higher limits are offered, they will be provided on the following basis:

Limits of Liability	Increased Limit Factor	Minimum Premium
\$1,000,000 / \$7,000,000	1.02	\$25
\$1,000,000 / \$8,000,000	1.03	\$30
\$2,000,000 / \$4,000,000	1.15	\$40
\$2,000,000 / \$5,000,000	1.17	\$50
\$2,000,000 / \$6,000,000	1.18	\$65
\$2,000,000 / \$7,000,000	1.19	\$75
\$2,000,000 / \$8,000,000	1.20	\$80

Rates are derived using the standard \$1,000,000 / \$6,000,000 base rates.

**X. POLICY CANCELLATIONS**

Return premium will be computed pro-rata in accordance with the Whole Dollar Rule using the rules, rates and rating plans in effect at the inception of this policy period.

**XI. RESTRICTIONS OF COVERAGE OR INCREASED RATE**

Subject to individual state regulations, policies may be issued with special restrictions or at increased premium if:

- A. the insured agrees in writing; and
- B. the policy would not be written otherwise.

**XII. EXTENDED REPORTING PERIOD COVERAGE (Claims Made Only)**

If this policy is cancelled or non-renewed and subject to the following provisions, an extension period, for the purpose of reporting a claim, will be provided automatically for 60 days, and may be extended beyond that as governed by the following rules:

- A. The limits of liability may not exceed those afforded under the terminating policy.

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- B. Extended Reporting Period Coverage will be available to the named insured ~~shown on the~~ certificate of insurance.
- C. Should the named insured terminate coverage under this policy, and desire Extended Reporting Period Coverage beyond the automatic 60 days, notice must be given to the Company, along with payment of the applicable premium, within 60 days.
- D. Upon termination of coverage under this policy by reason of death, the deceased's unearned premium for this coverage will be waived and Extended Reporting Period Coverage will be granted for no additional charge.
- E. Upon termination of coverage under this policy by reason of disability or retirement by the named insured, Extended Reporting Period Coverage will be granted for no additional charge provided that, during the policy period:
1. total and permanent disability occurs; or
  2. the named insured retires during the policy period and:
    - a. is 55 years of age or older and has been insured by this Company for at least 5 years of claims-made coverage; or
    - b. has been insured by us for at least 10 years of claims-made coverage.
- F. The prior acts date of coverage with this Company will determine the years of prior exposure for Extended Reporting Period Coverage.
- G. Premium must be paid promptly when due.
- H. In the event the policy is canceled, any return premium due the named insured shall be credited toward the premium for Extended Reporting Period Coverage, if the named insured elects this coverage. If any premium is due for the period of time between the earlier of the policy's Prior Acts date or effective date and the termination date, any monies received by the Company from the named insured shall first be applied to the premium owing for the policy and then to the Extended Reporting Period Coverage.
- I. There is no right to any extended reported period coverage if this policy is cancelled for non payment of premium, non compliance with any of the terms and condition of this policy or for any misrepresentation or omission in the application for this policy.
- J. Extended Reporting Period Coverage will be granted with the following discounts, subject to the Extended Reporting Provisions of the Policy and the following schedule:

<b>Consecutive Years of Coverage</b>	<b>Discount</b>
10	Free
9	90%
8	80%
7	70%
6	60%
5	50%
4	40%
3	30%
2	20%
1	10%

- K. The factors in the following table shall be applied to the mature claims-made rate in effect at the beginning of the current policy period:

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Years of Prior Claims Made Coverage	Installment Factors Years			Prepaid Factors
	1	2	3	
1	.36	.34	.28	.92
2	.58	.55	.39	1.43
3	.67	.55	.59	1.70
4 or more	.84	.55	.59	1.87

**XIII. PRIOR ACTS COVERAGE (Occurrence only)**

The policy may be extended to provide prior acts coverage as follows:

- A. The prior acts period may not exceed the term immediately preceding coverage under this policy during which similar coverage was continuously provided under a claims made policy, nor shall limits of liability exceed those of the claims-made policy or the occurrence policy to which the prior acts endorsement shall be applied.
- B. The premium for Prior Acts Coverage is a one time only charge payable in advance or over the first three policy years in annual installments, but calculated in advance by applying the applicable factors from the table below to the current rate under this policy for limits of \$1,000,000/6,000,000 per occurrence.
- C. If the limit of liability under this coverage is other than \$1M/6M per occurrence, the premium developed under B above shall be adjusted by the appropriate increased or decreased limits factor.
- D. The premium will be charged annually, but calculated in advance:
  1. Determine the current premium under this policy for limits of \$1M/6M per occurrence;
  2. Enter the factor for the appropriate Prior Acts Period;
  3. Apply factor (s) successively for the desired number of years of Prior Acts;
  4. Apply the appropriate Increased/Decreased Limits Factor.

Prior Acts Period	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	Prepaid Factors
1 year prior	.47	.28	.26	0.94
2 years prior	.70	.43	.40	1.42
3 years prior	.81	.44	.46	1.64
4+ years prior	.87	.53	.50	1.76

**XIV. PREMIUM PAYMENT PLAN**

The Company may, at its discretion, offer to the named insured various premium payment options, ranging from monthly to annual payment plans. Some of the premium payment plans may result in a service fee of \$5 per payment.

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**COMPANY PAGES FOR  
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<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>I</b>	<b>A</b> Occupational Therapists	80721
	Occupational Therapy Assistant	80721
	Certified Occupational Therapy Assistant	80721
	<b>B</b> Respiratory Care Provider	80717
	Respiratory Therapist	80717
	<b>C</b> Respiratory Therapist Technician/Technologist	80717
	Chiropractic Assistant	80411
	Optometric Technician/Assistant	80944
	Podiatric Assistant	80943
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>II</b>	Art Therapist	80967
	Dance Therapist	80967
	Music Therapist	80967
	Recreation Therapist	80945
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>III</b>	<b>A</b> LPN/LVN	80963
	Registered Nurse	80964
	<b>B</b> Dietician	80720
	Nutritionist	80720
	<b>C</b> Bio-medical Technician/Technologist	80719
	Blood Bank Technician/Technologist	80719
	Cardiology Technician/Technologist	80719
	Certified Lab Technician/Technologist	80711
	Certified Medical Assistant	80719
	Clinical Lab Technician/Technologist	80711
	Community Health Assistant	80719
	Community Health Technician/Technologist	80719
	Diagnostic Medical Sonographer	80719
	Dialysis Technician/Technologist	80719
	EEG Technician/Technologist	80719
	EKG Technician/Technologist	80719
	Electrologist	80719
	Histologic Technician/Technologist	80719
	Medical Assistant	80719
	Medical Laboratory Technician/Technologist	80711
	Medical Records Administrator	80711
	Medical Records Technician/Technologist	80719
	Medical Technician	80719
	Medical Technician/Technologist Assistant	80719
	Medical Technologist	80719

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**XV. ISO CLASSIFICATION CODES (continued)**

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>III C</b>	Mental Retardation Workers	80711
	Nuclear Medical Technician/Technologist	80719
	Phlebotomist	80719
	Radiation Therapist	80713
	Radiology Technician/Technologist	80719
	Surgical Technician/Technologist	80129
	X-Ray Machine Operator	80713
<b>D</b>	Home Health Aide	80618
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>IV A</b>	Pharmacist	59112
	Pharmacy Technician	59112
	Pedorthist	80943
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>V</b>	Circulation Tech	80945
	Perfusionist	80945
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>VI A</b>	Massage Therapist	80718
	Enterostomal Therapist	80945
	Orthopedic Assistant	80943
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>VII A</b>	Athletic Trainer	80945
	Exercise Physiologist	80945
	Fitness Professional	80945
	Health Educator	80711
	Kinesiologist	80945
	Personal Trainer, Certified	80945
	Sports Medicine Instructor	80945
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>VIII A</b>	Paramedic	80723
	Basic / Intermediate Emergency Medical Technician	80723
	Volunteer Emergency Medical Technician	80723
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>IX A</b>	Physical Therapist	80995
	Rehabilitation Therapist	80995
	Kinesiotherapist	80945
	Sports Medicine Therapist	80945
	Corrective Therapist	80945
	Physical Therapist Assistant	80995
	Rehabilitation Assistant	80995

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**XV. ISO CLASSIFICATION CODES (continued)**

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>X</b>	No specialties in this class	

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>XI</b>	<b>Nurse Practitioners</b>	
<b>A</b>	Adult / Geriatric / Family Planning / Gynecology / Women's Health / Adult Oncology	80965
<b>B</b>	Psychiatric	80965
<b>C</b>	Pediatric / Neonatal / Family Practice / Acute Critical Care	80965
<b>D</b>	Obstetrics / Gynecology / Perinatal / Acute Care Obstetrics	80965
<b>E</b>	Nurse Practitioner Student	80965

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>XII</b>	Audiologists	80716
	Speech Language Pathologist	80716
	Speech Hearing Therapist	80716

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>XIII</b>	Dental Hygienists	80712

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>XIV</b>	Dental Assistants	80712
	Laboratory Aide	80711
	Nurses Aide	80964
	Geriatric Nursing Assistant	80963
	Nursing Assistant	80963
	Physical Therapy Aide	80995
	Other Healthcare Aide (Excluding Home Health Aides)	80711

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>XV</b>	<b>A</b> Social Worker Clinical	80723
	<b>B</b> Psychotherapist / Psychologist	80723
	<b>C</b> Alcohol/Drug Counselor	80723
	Case Manager	72990
	Clinical/Rehabilitation Counselor	80723
	Pastoral Counselor	80723
	School Counselor	80723
	<b>D</b> Marriage/Family Counselor	80723

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<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>XVI A</b>	Physician Assistant Class 1  A PA who performs tasks ordinarily reserved for the Physician and who works under the direction and supervision of a licensed physician to assist the physician in the management of patients.	80116
<b>B</b>	Physician Assistant Class 2  A PA who is involved in any of the following: Assisting in surgery (other than observation) Trauma/Emergency room procedures/responsibilities (10 hours or less per week) Prenatal or Postnatal care Assisting in anesthesiology	80116
<b>C</b>	Physician Assistant Class 3  A PA who is involved in any of the following: Orthopedic surgery OB/GYN Surgery Cardiovascular Surgery Thoracic Surgery Trauma/Emergency Room – Greater than 10 hours/week OB including delivery room responsibilities Exposure to Cardiac Catheterization lab	80116
<b>D</b>	Physician Assistant Student	80116



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**XVI. CALCULATION OF PREMIUM**

- A. The premium for the policy shall be the sum of the applicable charges developed below:
- B. If more than one classification is applicable, the higher rated classification will be used for rating.
- C. The annual occurrence form base rate for each Healthcare Provider is stated on the state rate page.
- D. The annual claims made form rate for each Healthcare Provider shall be determined for Classes I through XVI as follows:
  - 1. If the Healthcare Provider is just entering practice, or the Healthcare Provider has continuously been insured under an occurrence policy, enter the step rate factor from the table at the year one level.
  - 2. If the Healthcare Provider has been insured under a claims-made policy, for one or more years immediately preceding the effective date of this coverage, or for reasons acceptable to the Company had been uninsured, the following procedure shall apply:
    - a. determine the number of years in which the Healthcare Provider was covered under such claims-made policy(ies);
    - b. determine the number of years in which the Healthcare Provider was uninsured;
    - c. the sum of years developed in a. and b. shall be the base exposure. Fractional years of six months or more of base exposure shall be rounded to the next higher year; less than six months shall be rounded to the next lower year;
    - d. the sum of years developed in c. above shall be the Years of Prior Exposure. The table is entered at the total prior Years of Exposure, plus one.

The factors in the following table shall be applied to the full time Class I though XVI rate, found on the State Page:

	<b>Step Rate Factors</b>				
<b>Class</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
I through XVI	.32	.57	.77	.84	.99

**XVII. SCHEDULE RATING**

When applicable, apply the appropriate debit or credit based upon the following risk characteristics, subject to state specific limitations regarding on Schedule Rating:

	<u>CREDIT</u>	<u>DEBIT</u>
<i>Procedure Mix</i>	0 - 25%	0 - 25%
Applicable to insureds whose procedures or practice specialties are primarily concentrated in areas other than their practice classification and/or specialty.		
<i>Exposure Modification</i>	0 - 25%	0 - 25%
Applicable to those insureds who have an increased or reduced exposure.		
<i>Unusual Risk Characteristics</i>	0 - 25%	0 - 25%
<i>Continuing Education</i>	0 - 25%	0 - 25%
Applicable to insureds who are involved in a CNA approved continuing education program other than risk management programs.		

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**XVIII. RULES FOR INDIVIDUALS**

The following rules apply to eligible employed individuals and self employed non incorporated individuals only:

**A. Coverage**

The following coverage will be provided:

1. Professional Liability including Good Samaritan Liability, Personal Injury Liability and Malplacement Liability on an occurrence or claims-made basis;
2. License Protection including wage loss, travel, food and lodging (up to \$500 per proceeding) and legal defense costs (up to \$150/hour);
3. Defendant Expense Benefit;
4. Deposition Representation;
5. Assault;
6. Medical Payments;
7. First Aid;
8. Damage to Property of Others; and
9. Workplace Liability.
10. Personal Liability.

B. The following are the base limits used for premium calculation. Availability of limits by specialty or state may be restricted by underwriting guidelines:

Coverage	Limits of Liability			
Professional Liability	\$ 1,000,000	Each claim	\$ 6,000,000	aggregate
Good Samaritan Liability	\$	included in PL limit above		
Personal Injury Liability	\$	included in PL limit above		
Malplacement Liability	\$	included in PL limit above		
License Protection	\$ 10,000	per proceeding	\$ 25,000	aggregate
Defendant Expense Benefit	\$		\$ 10,000	aggregate
Deposition Representation	\$ 2,500	per incident	\$ 5,000	aggregate
Assault	\$ 10,000	per incident	\$ 25,000	aggregate
Medical Payments	\$ 2,000	per person	\$ 100,000	aggregate
First Aid	\$		\$ 2,500	aggregate
Damage to Property of Others	\$ 500	per incident	\$ 10,000	aggregate
Personal Liability	\$		\$ 1,000,000	aggregate
Workplace Liability	\$	included in PL limit above		

**C. Supplemental Modifications - Individuals**

**1. New Healthcare Providers**

A new Healthcare Provider is defined as a Healthcare Provider who has completed the training in their specialty within the previous twelve (12) months, and who is applying for coverage as a non-incorporated individual. The credit will be a 50% credit for the first year or 25% for nurse practitioners. If application of the credit results in a rate which is less than the rate for another specialty for which the Healthcare Provider is covered, the higher rate will apply without discount.

The above credit does not apply if part time credit is given or if the policy is issued as claims made.

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**2. Additional Insureds**

Where eligible, additional insured coverage may be added to the policy on a shared limit of liability basis. The rate will be 5% of the policy premium each subject to a minimum premium of \$165 each. Such Additional Insured shall be covered for their vicarious liability only as their interest appears.

**3. Part Time**

Individual Healthcare Provider who works 24 or fewer hours per week may be eligible for restricted coverage at a rate reduction of 50% subject to a minimum premium. Physician Assistants will be eligible for restricted coverage at a rate reduction of 35% subject to a minimum premium.

- a. When part time rates result in an amount that is less than \$100, the rate will be the lesser of either the individual's full time base rate or \$100.
- b. If the individual's full time base rate is used, full coverage is afforded. If a rate, less than the full time rate, is used, part time reduced coverages will apply.
- c. Part time rate is available to an employed individual who works 24 or fewer hours per week in a self-employed capacity for that individual's self-employed pursuits.
- d. The part time rate reduction is not available for nurse practitioners and may be further restricted by underwriting guidelines.

**4. Retirement/Leave**

An Individual Healthcare Provider who is not actively employed as a Healthcare Provider but maintains an active license may be eligible for restricted coverage at a rate reduction of 50%. The reduced rate may be applied retroactively to the first day of retirement/leave, on the condition that the Company is notified within ten (10) days of the retirement/leave. If the company is notified at a later date, the discount may be applied as of the date the Company received the notice. This credit will not apply to firms or self employed incorporated individuals.

**5. Individual Risk Management Credit**

A credit of 10% will be applied to the annual premium applicable to an individual Healthcare Provider who attends a CNA approved loss prevention seminar, workshop, or other loss prevention program. This credit will be applied for a three year period.

**6. Consulting Services Liability**

Consulting Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25. Consulting Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Consulting, Educating or Training Services in the Healthcare Provider's area of specialization.

**7. Case Management Services Liability**

Case Management Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25. Case Management Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Case Management duties such as assessing and coordinating treatment options, managing a patient's total care to ensure optimum outcome or utilization review.

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**XIX. RULES FOR FIRMS**

The following rules are applicable to Firms. Firms include corporations, partnerships, organizations, sole proprietorship or self employed incorporated individuals.

**A. Coverage**

The following coverage will be provided to Firms on a shared limit of liability basis:

1. Professional Liability including Good Samaritan Liability, Personal Injury Liability and Malplacement Liability on an occurrence or claims-made basis;
2. License Protection including wage loss, travel, food and lodging (up to \$500 per proceeding) and legal defense costs (up to \$150/hour);
3. Defendant Expense Benefit;
4. Deposition Representation;
5. Assault;
6. Medical Payments;
7. First Aid;
8. Damage to Property of Others

**B. Limits of Liability**

The following are the base limits used for premium calculation. Availability of limits by specialty or state may be restricted by underwriting guidelines:

Coverage	Limits of Liability	
Professional Liability	\$ 1,000,000 each claim	\$ 6,000,000 aggregate
Good Samaritan Liability	\$ included in PL limit above	
Personal Injury Liability	\$ included in PL limit above	
Malplacement Liability	\$ included in PL limit above	
License Protection	\$ 10,000 per proceeding	\$ 25,000 aggregate
Defendant Expense Benefit	\$	\$ 10,000 aggregate
Deposition Representation	\$	\$ 10,000 aggregate
Assault	\$ 10,000 per incident	\$ 25,000 aggregate
Medical Payments	\$ 2,000 per person	\$ 100,000 aggregate
First Aid	\$	\$ 2,500 aggregate
Damage to Property of Others	\$ 2,500 per incident	\$ 10,000 aggregate

*General Liability is available as an optional coverage.*

**C. Firm Rates & Policy Minimum**

1. The base rate for each healthcare professional will be the higher of the self employed rate shown on the State Rate page or \$300 each.
2. The base rate for each aide, technician or assistant will be the higher of the self employed rate shown on the State Rate page or \$175.
3. The base rate for home healthcare aide will be \$100 each.
4. The following minimum premium per policy shall apply to all firm policies except self-employed incorporated individuals with no employees. For these individuals, the self employed individual rate as shown on the State Rate Page shall apply as the Minimum.

Nurse Practitioner Firm

\$ 2,500

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Physical Therapy Firms of 15 or more

\$5,000

All other Firms of 2 or more headcount

\$ 500

**D. Full Time Equivalents (FTE)**

For calculating headcount, where applicable, full time equivalents may be utilized for Firms. Full time is defined as 40 hours a week. The total number of hours per week for each profession will be divided by 40 to determine the number of full time equivalents for that profession.

The full time equivalent rule is subject to minimum policy premium and minimum headcount to FTE ratios.

**E. Supplemental Modifications - Firms**

**1. Size of Business**

A credit will be given based on the number of Healthcare Providers associated with the business. The following will be applied:

# of providers	Credit
2 - 9	4%
10 - 14	8%
15 or more	12%

**2. Business Loss Prevention Credit**

A credit of 5% will be applied to a firm who maintains a CNA approved loss prevention program, seminar or workshop for its employees. This credit will be applied for a one year period, and will be reviewed annually.

**3. Debits will be added based on the presence of the following:**

Category	Debit
Registry/Staffing	A surcharge of 25% of developed premium before debits/credits will be added to Firms that provide staffing to other facilities, firms or locations.
Background Check	A surcharge of 10% of developed premium before debits/credits will be added to Firms not performing background checks on their employees and independent contractors.
Nursing Home/Assisted Living/LTC	A surcharge of 25% of developed premium before debits/credits will be added to Firms that do more than 50% staffing of Nursing Home Facilities or Assisted Living Centers.
High Tech/Critical Care	A surcharge of 25% of developed premium before debits/credits will be added to Firms performing High Tech (i.e. Trach care, Ventilator care, Chemotherapy, etc.) or Critical Care.

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AMERICAN CASUALTY COMPANY OF READING, PA**

**4. Separate Limits**

All ratable employees and the corporation may be provided separate limits. The following debit will be applied:

# of ratable employees	Debit
1	10.0%
2 - 9	12.0%
10 - 14	15.5%
15 or more	17.5%

**F. General Liability**

- Optional General Liability coverage may be purchased by self-employed incorporated individuals or firms with a \$1,000,000 aggregate limit. The annual rate is stated on the state rate page for the first facility based practice location.
- When a firm has multiple practice locations, and requests General Liability coverage, a \$50 charge per additional practice location will apply.
- When a firm provides home healthcare, staffing or fitness, the annual rate will be 25% of the developed Professional Liability rate, subject to \$150 per policy minimum.
- Other limits are available and associated with the following factors (which are with respect to the \$1M/\$1M rate).

Increased Limit	Increased Limit Factor
\$1,000,000 / \$1,000,000	1.00
\$1,000,000 / \$2,000,000	1.13
\$1,000,000 / \$3,000,000	1.21
\$1,000,000 / \$4,000,000	1.28
\$1,000,000 / \$5,000,000	1.33
\$1,000,000 / \$6,000,000	1.37
\$1,000,000 / \$7,000,000	1.39
\$1,000,000 / \$8,000,000	1.40
\$2,000,000 / \$4,000,000	1.98
\$2,000,000 / \$5,000,000	2.00
\$2,000,000 / \$6,000,000	2.01
\$2,000,000 / \$7,000,000	2.02
\$2,000,000 / \$8,000,000	2.03

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SPRINGFIELD, ILLINOIS

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**G. Deductibles**

When deductible options are requested or required, the following credits should be applied to the developed policy premium. When General Liability is offered, the same deductible amount must be provided for both Professional Liability and General Liability.

Amount	Credit
\$0	0%
\$1,000	1%
\$2,500	2.5%
\$5,000	5%
\$10,000	10%
\$15,000	11%
\$20,000	13%
\$25,000	15%

**H. Additional Insured**

Where eligible, additional insured coverage may be added to the policy on a shared limit of liability basis. The rate will be 5% of the policy premium each subject to a minimum premium of \$165 each. Such Additional Insured shall be covered for their vicarious liability only as their interest appears.

**I. Consulting Services Liability**

Consulting Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25 for each Consultant. Consulting Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Consulting, Educating or Training Services in the Firm's area of specialization.

**J. Case Management Services Liability**

Case Management Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25 for each Case Manager. Case Management Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Case Management duties such as assessing and coordinating treatment options, developing treatment plans or managing a patient's total care.

**K. Medical Director or Administrator Liability**

Medical Director or Administrator coverage may be added to the policy on a Sub-limit basis. The Limit of Liability for this coverage: \$100,000 Each Claim / \$300,000 Aggregate is a sub-limit of the Professional Liability Limit shown on the Certificate of Insurance. The rate for each Medical Director or Administrator will be \$500 or 10% of the base premium, whichever is higher. The Medical Director or Administrator Liability endorsement extends Professional Liability coverage to include Administrative Services provided by a Physician or other Administrator.

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COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**XX. RULES FOR SCHOOL BLANKET**

The following rules are applicable to the School Blanket Policy for Healthcare Provider Students  
**ISO Code: 80998.**

**A. Coverage**

The following coverage will be provided to School Blanket on a shared limit of liability basis:

1. **Professional Liability** coverage for damages as a result of a claim arising out of a medical incident or personal injury out of the supplying of, or failure to supply services by a student or faculty and advisor of the named insured school; including vicarious liability for the school; includes **Personal Injury Liability**.
2. Grievance Proceedings
3. Defendant Expense Benefit
4. Deposition Representation
5. Assault
6. Medical Payments
7. First Aid
8. Damage to Property of Others

**B. Limits of Liability**

The following are the base limits used for premium calculation. Availability of limits by specialty or state may be restricted by underwriting guidelines:

Coverage	Limits of Liability			
Professional Liability	\$ 1,000,000	each claim	\$ 5,000,000	aggregate
Personal Injury Liability	\$ included in PL limit above			
Grievance Proceedings	\$ 1,000	per proceeding	\$ 10,000	aggregate
Defendant Expense Benefit	\$		\$ 10,000	aggregate
Deposition Representation	\$ 1,000	per incident	\$ 5,000	aggregate
Assault	\$ 1,000	per incident	\$ 25,000	aggregate
Medical Payments	\$ 2,000	per person	\$ 100,000	aggregate
First Aid	\$ 500	per incident	\$ 25,000	aggregate
Damage to Property of Others	\$ 250	per incident	\$ 10,000	aggregate

**C. School Rates & Policy Minimum**

1. Calculations will be made based on the estimated number of students (total annual headcount) in each of the covered curricula at the inception of the policy period.
2. Premium will be collected or returned for additions or deletions if the change modifies the student count by 25% or more when the change occurs during the first six months of the policy term. If the change occurs in the second half of the policy term, the policy will be reconciled at renewal.
3. A \$300 minimum annual premium shall apply to each School Blanket policy.

**D. Supplemental Modifications – School Blanket**

Modifications developed under the following shall be summed and applied as a single factor, subject to a maximum credit of 25%. Such credits shall apply on a one year basis, and will be subject to annual review.



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**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**1. Claim-Free Credit**

A 10% credit applies if there have been no claims reported to the Company during the past three policy periods and the Company has provided coverage during each of those policy periods.

**2. Longevity Credit**

At the inception of a fourth consecutive policy period, a 5% credit will be granted to a school that has been insured in this program for the three preceding years.

**3. Size of School Modification**

The following credits will be applied based on the number of students covered on the policy:

<b>Number of Students</b>	<b>Credit</b>
500 – 1,000	5%
1,001- 2,499	10%
2,500+	15%

**E. Additional Insured**

An additional insured request for a landlord, government organization, charity or religious organization may be added to the policy on a shared limit of liability basis for no additional charge. Such additional insured shall be covered for their vicarious liability only as their interest appears.

**COMPANY STATE PAGE FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**I. STATE ENDORSEMENTS**

State Provisions	G-123846-C12	Mandatory on all policies
State Amendments	G-123829-B12	Mandatory on all policies
State Amendments-ERP	G-123812-A12	Mandatory on all claims-made policies

**II. AMENDED RULES**

- A. Rule XVII, Schedule Rating Plan, is amended by the addition of the following:

The maximum debit or credit to be applied under this plan shall be limited to 50%.

- B. Rule XII, Extended Reporting Period Coverage (Claims Made Only), paragraph I. is deleted in its entirety.

- C. Rule XII, Extended Reporting Period Coverage (Claims Made Only), paragraph K. is deleted in its entirety and replaced with the following:

- K. The factors in the following table shall be applied to the claims-made rate in effect at the beginning of the current policy period:

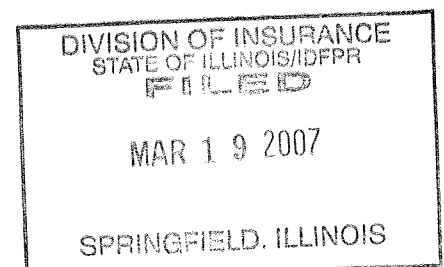
Years of Prior Claims Made Coverage	Installment Factors Years			Prepaid Factors
	1	2	3	
1	.36	.34	.28	.92
2	.58	.55	.39	1.43
3	.67	.55	.59	1.70
4 or more	.84	.55	.59	1.87

- D. Rule XIV, Premium Payment Plan is deleted in its entirety and replaced with the following:

Quarterly Installment Option:

The Company will offer individual insureds the option to make annual premium payments using quarterly or annual installments. When quarterly installments are selected, the following standards will apply:

- i) An initial payment of no more than 40% of the estimated total premium will be due at policy inception;
- ii) The remaining premium will be spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- iii) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less, will be assessed;
- iv) Availability will be subject to a minimum annual premium of \$500; and
- v) Quarterly installments will not be available for premium for any extension of a reporting period.
- vi) There will be no interest charges;



**COMPANY STATE PAGE FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

- vii) Any additional premium resulting from changes to policy, mid-term, shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

**III. RATES**

- A. All rates indicated below are for Professional Liability limits of \$1,000,000 each claim, with a \$6,000,000 annual aggregate.

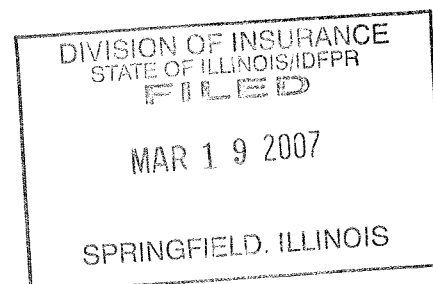
CLASS	EMPLOYED	SELF-EMPLOYED
I A	79	220
B	93	312
C	93	260
II	93	312
III A	98	300
B	93	260
C	93	182
D	93	100
IV A	146	390
B	93	182
C	115	323
V	156	312
VI A	156	182
B	182	312
VII A	208	988
B	156	182
VIII A	166	239
B	151	217
C	78	78
IX A	164	467
B	83	234
X	---	---
XI A	717	884
B	1,012	1,251
C	1,309	1,616
D	1,607	1,985
E	275	N/A
XII	82	140
XIII	62	260
XIV	51	182
XV A	125	300
B	450	950
C	125	330
D	125	265

Counties: Cook, DuPage, Madison, St.Clair

XVI A	4,840	4,840
B	6,050	6,050
C	7,260	7,260
D	156	N/A

Remainder of State

XVI A	3,998	3,998
B	4,998	4,998
C	5,997	5,997
D	156	N/A



**COMPANY STATE PAGE FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**B. Student Rates**

The rate for an individual healthcare student is \$29, except where otherwise specified in class rate schedule III. A.

**C. General Liability**

Base General Liability limits of \$1,000,000 for each claim, with a \$1,000,000 annual aggregate may be purchased for \$150.

**D. Student Blanket**

The rate is \$13 per student for all specialties at \$1,000,000/\$5,000,000 limit of liability.

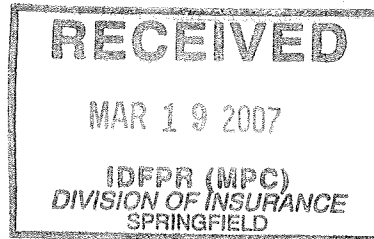
DIVISION OF INSURANCE  
STATE OF ILLINOIS/IDFPR  
**FILED**

MAR 19 2007

SPRINGFIELD, ILLINOIS



CNA, 40 Wall Street, 9<sup>th</sup> Floor, New York NY 10005-1401



**John Lockhart**

Regulatory Filings Technician  
P & C State Filing Unit

Telephone 877-269-3277 ext. 3270

Facsimile 212-440-2877

Internet [john.lockhart@cna.com](mailto:john.lockhart@cna.com)

March 14, 2007

Illinois Department of Insurance  
320 West Washington Street  
Springfield, IL 62767-0001  
Property & Casualty Compliance Unit

RE: American Casualty Company of Reading, PA NAIC # 218-20427 FEIN#23-0342560 ✓  
Healthcare Providers Services Organization Risk Purchasing Group  
Medical Malpractice  
Rates  
Our File #: 06-R2125

Honorable Director:

On behalf of American Casualty Company of Reading, PA we hereby submit for your review and approval the captioned rates and rules for use with our Healthcare Providers Services Organization Program currently on file with your department.

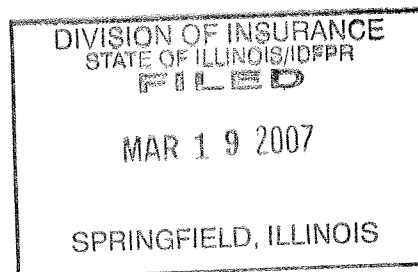
**Enclosed please find:**

- Actuarial memorandum;
- Revised countrywide manual pages; and
- Revised state pages.

We respectfully request these changes to become effective for all policies effective on the earliest date permitted by your state.

Sincerely,

John Lockhart



1-0  
MEM  
RAT  
glu  
Jeh

+0.4%

**RATE/RULE FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate &amp; Rule; Reference; Loss Cost; Loss Cost &amp; Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1. This filing transmittal is part of Company Tracking # 06-R2125

2. This filing corresponds to form filing number  
(Company tracking number of form filing, if applicable) 06-F2125☒ Rate Increase ☐ Rate Decrease ☐ Rate Neutral (0%)

3. Filing Method (Prior Approval, File &amp; Use, Flex Band, etc.) Prior Approval

4a. Rate Change by Company (As Proposed)

Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
Am Casualty Co of Reading	+48.1%	+0.4%	20,952	516	4,875,428	+22.9	-41.5%

4b. Rate Change by Company (As Accepted) For State Use Only

Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

**Overall Rate Information (Complete for Multiple Company Filings only)**

		COMPANY USE	STATE USE
5a.	Overall percentage rate indication (when applicable)	+48.1%	
5b.	Overall percentage rate impact for this filing	+0.4%	
5c.	Effect of Rate Filing – Written premium change for this program	20,952	
5d.	Effect of Rate Filing – Number of policyholders affected	516	

6. Overall percentage of last rate revision +6.2%

7. Effective Date of last rate revision 10/2/2006

8. Filing Method of Last filing  
(Prior Approval, File & Use, Flex Band, etc.) Prior Approval

9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	Countrywide Company Pages page 5 to 14	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02	Illinois State Exception Pages Healthcare Provider, page 1 and 3	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

# ILLINOIS DEPARTMENT OF INSURANCE

## SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision effective \_\_\_\_\_

Upon Approval \_\_\_\_\_

(1) Coverage	(2) Annual Premium Volume (Illinois)*	(3) Percent Change (+ or -)**
1. Automobile Liability Private Passenger Commercial		
2. Automobile Physical Damage Private Passenger Commercial		
3. Liability Other Than Auto		
4. Burglary and Theft		
5. Glass		
6. Fidelity		
7. Surety		
8. Boiler and Machinery		
9. Fire		
10. Extended Coverage		
11. Inland Marine		
12. Homeowners		
13. Commercial Multi-Peril		
14. Crop Hail		
15. Other <u>Med Mal</u> Line of Insurance	\$4,875,428	+0.4%



Does filing only apply to certain territory (territories) or certain classes? If so, specify: We are proposing changes to our class plan. Please refer to the attached actuarial memorandum for complete list of the proposed changes.

Brief description of filing. (If filing follows rates of an advisory organization, specify organization): Please refer to the attached actuarial memorandum

Healthcare Providers Services Organization Risk Purchasing Group

\*Adjusted to reflect all prior rate changes.

\*\*Change in Company's premium level which will result from application of new rates.

American Casualty Company of Reading, PA  
Name of Company

Jean Fleischner - Senior Vice President  
Official - Title

Description	Old Class	New Class	Old Rate (Employed / Self-Employed)	New Rate (Employed / Self-Employed)	Estimated Impact
Corrective Therapist	VIA	IXA	\$182 / \$988	\$164 / \$467	
Massage Therapist	VIA	VIA	\$182 / \$988	\$156 / \$182	-41.5%
Sports Medicine Instructor	VII	VIII	\$208 / \$988	\$156 / \$182	
Sports Medicine Therapist	VII	IXA	\$208 / \$988	\$164 / \$467	
Exercise Physiologist	VII	VIII	\$208 / \$988	\$156 / \$182	-25.0%
Kinesiologist	VII	VIII	\$208 / \$988	\$156 / \$182	
Kinesiotherapist	VII	IXA	\$208 / \$988	\$164 / \$467	-49.7%
Personal Trainer, Certified	VII	VIII	\$208 / \$988	\$156 / \$182	-63.4%
Health Educator	IIIC	VIII	\$93 / \$182	\$156 / \$182	22.9%
Fitness Professional	-	VIII	-	\$156 / \$182	
Nurse Practitioners: Adult / Geriatric / Family Planning / Gynecology / Women's Health / Adult Oncology	XIA	XIA	\$683 / \$842	\$717 / \$884	
Nurse Practitioners: Psychiatric	XIB	XIB	\$964 / \$1,191	\$1,012 / \$1,251	5.0%
Nurse Practitioners: Pediatric / Neonatal / Family Practice / Acute Critical Care	XIC	XIC	\$1,247 / \$1,539	\$1,309 / \$1,616	5.0%
Nurse Practitioners: Obstetrics / Gynecology / Perinatal / Acute Care Obstetrics	XID	XID	\$1,530 / \$1,890	\$1,607 / \$1,985	5.0%
Physician Assistant Class 1 (ROS)	XVIA	XVIA	\$889 / N/A	\$3,998 / \$3,998	
Physician Assistant Class 2 (ROS)	XVIB	XVIB	\$1,091 / N/A	\$4,998 / \$4,998	
Physician Assistant Class 3 (ROS)	XVIC	XVIC	\$1,309 / N/A	\$5,997 / \$5,997	
Physician Assistant Student (ROS)	-	XVID	-	\$156 / N/A	
Physician Assistant Class 1 (Counties)	XVIA	XVIA	\$889 / N/A	\$4,840 / \$4,840	
Physician Assistant Class 2 (Counties)	XVIB	XVIB	\$1,091 / N/A	\$6,050 / \$6,050	
Physician Assistant Class 3 (Counties)	XVIC	XVIC	\$1,309 / N/A	\$7,260 / \$7,260	
Physician Assistant Student (Counties)	-	XVID	-	\$156 / N/A	

Statewide Total

0.4%

Note: ROS = Remainder of State; Counties = Cook, DuPage, Madison, St.Clair

FILING #06-R2125

ILLINOIS CERTIFICATION FOR  
MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Sharon K. Robinson, a duly authorized officer of Continental Casualty Company, am authorized to certify on behalf of the company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are subject to this filing.

I, Sharon K. Robinson, FCAS, MAAA, a duly authorized actuary of The Casualty Actuarial Society, am authorized to certify on behalf of Continental Casualty Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are subject to this filing.

Sharon K Robinson VP & Actuary - Pricing  
Signature and Title of Authorized Insurance Company Officer

5-14-07  
Date

Sharon K Robinson VP & Actuary - Pricing  
Signature and Title of Authorized Actuary

5-14-07  
Date

Insurance Company FEIN 36 - 2114545

Filing Number 07-2156

Insurer's Address 40 Wall Street - 9<sup>th</sup> Fl

City New York, State NY Zip Code 10005

Contact Person's:

- Name and E-mail John Lockhart john.lockhart@cna.com

- Direct Telephone and Fax Number 212-440-3270 Fax 212-440-2877



## Property &amp; Casualty Transmittal Document


<b>1. Reserved for Insurance Dept. Use Only</b>	<b>2. Insurance Department Use only</b> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="border-bottom: 1px solid black;">a. Date the filing is received:</td></tr> <tr><td style="border-bottom: 1px solid black;">b. Analyst:</td></tr> <tr><td style="border-bottom: 1px solid black;">c. Disposition:</td></tr> <tr><td style="border-bottom: 1px solid black;">d. Date of disposition of the filing:</td></tr> <tr> <td style="border-bottom: 1px solid black;">e. Effective date of filing:</td> <td rowspan="3" style="text-align: center; vertical-align: middle;"> <div style="border: 2px solid black; padding: 5px; margin: 0 auto; width: 150px;"> <b>RECEIVED</b>  MAR 19 2007  IDFPN (MPC)  DIVISION OF INSURANCE  SPRINGFIELD </div> </td> </tr> <tr><td style="border-bottom: 1px solid black;">New Business</td></tr> <tr><td style="border-bottom: 1px solid black;">Renewal Business</td></tr> <tr><td style="border-bottom: 1px solid black;">f. State Filing #:</td></tr> <tr><td style="border-bottom: 1px solid black;">g. SERFF Filing #:</td></tr> <tr> <td style="border-bottom: 1px solid black;">h. Subject Codes</td> <td></td> </tr> </table>	a. Date the filing is received:	b. Analyst:	c. Disposition:	d. Date of disposition of the filing:	e. Effective date of filing:	<div style="border: 2px solid black; padding: 5px; margin: 0 auto; width: 150px;"> <b>RECEIVED</b>  MAR 19 2007  IDFPN (MPC)  DIVISION OF INSURANCE  SPRINGFIELD </div>	New Business	Renewal Business	f. State Filing #:	g. SERFF Filing #:	h. Subject Codes	
a. Date the filing is received:													
b. Analyst:													
c. Disposition:													
d. Date of disposition of the filing:													
e. Effective date of filing:	<div style="border: 2px solid black; padding: 5px; margin: 0 auto; width: 150px;"> <b>RECEIVED</b>  MAR 19 2007  IDFPN (MPC)  DIVISION OF INSURANCE  SPRINGFIELD </div>												
New Business													
Renewal Business													
f. State Filing #:													
g. SERFF Filing #:													
h. Subject Codes													

<b>3. Group Name</b>	<b>Group NAIC #</b>
CNA Insurance	0218

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
American Casualty Company of Reading, PA	PA	20427	23-0342560	

<b>5. Company Tracking Number</b>	06-R125
-----------------------------------	---------

**Contact Info of Filer(s) or Corporate Officer(s)** [include toll-free number]

6.	Name and address	Title	Telephone #s	FAX #	e-mail
	John Lockhart, CNA, 40 Wall Street, 9th floor, New York, NY 10005-1401	Regulatory Filings Technician	877-269-3277 extension 3270	212-440-2877	john.lockhart@cna.com
<b>7.</b>	Signature of authorized filer				
<b>8.</b>	Please print name of authorized filer		John Lockhart		

**Filing information** (see General Instructions for descriptions of these fields)

<b>9. Type of Insurance (TOI)</b>	11.0 - Medical Malpractice
<b>10. Sub-Type of Insurance (Sub-TOI)</b>	11.0000 Med Mal - Sub TOI
<b>11. State Specific Product code(s)</b> (if applicable)[See State Specific Requirements]	
<b>12. Company Program Title</b> (Marketing title)	Healthcare Providers Service Organization Professional Liability
<b>13. Filing Type</b>	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input checked="" type="checkbox"/> Rates/Rules <input type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
<b>14. Effective Date(s) Requested</b>	New: upon approval                      Renewal: upon approval
<b>15. Reference Filing?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>16. Reference Organization</b> (if applicable)	N/A
<b>17. Reference Organization # &amp; Title</b>	N/A

18. Company's Date of Filing	3/15/2007
19. Status of filing in domicile	<input checked="" type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

**Property & Casualty Transmittal Document—**

20. This filing transmittal is part of Company Tracking #	06-R125
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21. Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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American Casualty Company of Reading, PA ("ACCOR") is proposing changes to its professional liability rates and class definitions for the Healthcare Providers Service Organization program. Please refer to the enclosed actuarial memorandum for more details.

22. Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
--

Check #:  
Amount:

Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.

\*\*\*Refer to the each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

# ILLINOIS DEPARTMENT OF INSURANCE

## SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision effective \_\_\_\_\_ Upon Approval \_\_\_\_\_

(1) <u>Coverage</u>	(2) <u>Annual Premium Volume (Illinois)*</u>	(3) <u>Percent Change (+ or -)**</u>
1. Automobile Liability Private		
Passenger Commercial		
2. Automobile Physical Damage		
Private Passenger Commercial		
3. Liability Other Than Auto		
4. Burglary and Theft		
5. Glass		
6. Fidelity		
7. Surety		
8. Boiler and Machinery		
9. Fire		
10. Extended Coverage		
11. Inland Marine		
12. Homeowners		
13. Commercial Multi-Peril		
14. Crop Hail		
15. Other <u>Med Mal</u>	\$4,875,428	+0.4%
Line of Insurance		

Does filing only apply to certain territory (territories) or certain classes? If so, specify: We are proposing changes to our class plan. Please refer to the attached actuarial memorandum for complete list of the proposed changes.

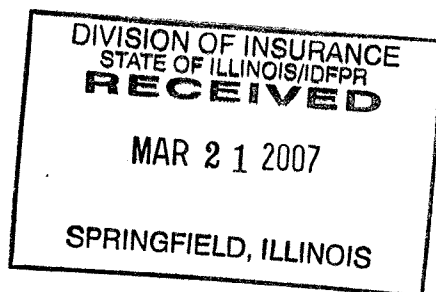
Brief description of filing. (If filing follows rates of an advisory organization, specify organization): Please refer to the attached actuarial memorandum

\*Adjusted to reflect all prior rate changes.

\*\*Change in Company's premium level which will result from application of new rates.

\_\_\_\_\_  
American Casualty Company of Reading, PA  
Name of Company

\_\_\_\_\_  
Jean Fleischner - Senior Vice President  
Official - Title



FILING# 06-R2125

# ILLINOIS DEPARTMENT OF INSURANCE

## SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision effective \_\_\_\_\_ Upon Approval \_\_\_\_\_

(1) <u>Coverage</u>	(2) <u>Annual Premium Volume (Illinois)*</u>	(3) <u>Percent Change (+ or -)**</u>
1. Automobile Liability Private		
Passenger Commercial		
2. Automobile Physical Damage		
Private Passenger Commercial		
3. Liability Other Than Auto		
4. Burglary and Theft		
5. Glass		
6. Fidelity		
7. Surety		
8. Boiler and Machinery		
9. Fire		
10. Extended Coverage		
11. Inland Marine		
12. Homeowners		
13. Commercial Multi-Peril		
14. Crop Hail		
15. Other <u>Med Mal</u>		
Line of Insurance	\$4,875,428	+0.4%

Does filing only apply to certain territory (territories) or certain classes? If so, specify: We are proposing changes to our class plan. Please refer to the attached actuarial memorandum for complete list of the proposed changes.

Brief description of filing. (If filing follows rates of an advisory organization, specify organization): Please refer to the attached actuarial memorandum

\*Adjusted to reflect all prior rate changes.

\*\*Change in Company's premium level which will result from application of new rates.

\_\_\_\_\_  
Continental Casualty Company  
Name of Company

\_\_\_\_\_  
Jean Fleischner – Senior Vice President  
Official – Title



**Neuman, Gayle**

---

**From:** Lockhart, John C. [John.Lockhart@CNA.com]  
**Sent:** Friday, June 01, 2007 1:26 PM  
**To:** Neuman, Gayle  
**Subject:** RE: Rate/Rule Filing #06-R2125  
**Importance:** High

Dear Ms. Neuman:

In response to your email of May 22, 2007, we respond to the questions as follows:

1. CNA is an ISO reporting company and as such reports to ISO as required.
2. Professional Liability coverage under this program is available (and filed) for both the Claims Made and Occurrence product. The General liability coverage filed in this program is available only on an Occurrence basis and, as such, would not require ERP coverage.
3. Three Illinois policies received 25% debits due to exposure modification – loss history. The insureds were notified of the premium increase prior to their renewal in accordance with Illinois renewal notification requirements.

We currently do not have any insureds in Illinois that have a debit or credit under the unusual risk characteristic category. The criteria for this debit/credit are when we have an insured who may be performing a professional service that is currently an ineligible exposure, the use of this discretionary debit/credit allow us to keep an insured in the standard program while complying with approved schedule rating rules. Since there are so many variables involved we need this to be a category that is discretionary in accordance with Illinois State Law in order to continue to make coverage available to insureds.

Thank you for your continued review of the filing.

*John Lockhart*

K

40 Wall Street, 9<sup>th</sup> Floor  
New York, NY 10005-1401  
877-269-3277 ext. 3270

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6/4/2007

storage of this message or any attachment is strictly prohibited.

6/4/2007

## Neuman, Gayle

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**From:** Neuman, Gayle  
**Sent:** Tuesday, May 22, 2007 11:22 AM  
**To:** 'Lockhart,John C.'  
**Subject:** RE: Rate/Rule Filing #06-R2125

Mr. Lockhart,

Here are additional questions to be addressed:

1. Indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used? Is this done in-house?
2. Should an insured add general liability coverage to this professional liability coverage, the extended reporting period requirements do not comply. On all general liability coverage parts, the insured must be offered (a) a free 5 year tail; and (b) an unlimited tail with limits reinstated (100% of aggregate expiring limits for the duration) and premium capped (e.r.p. is limited to a 200% cap of the annual premium of the expiring policy).
3. In regard to the individual risk rating issue, how many policies/insureds are in this category? Did the premium increase for all these insureds? Where all these policy premiums adjusted because of adverse historical losses? The schedule rating plan includes an "Unusual Risk Characteristics" category? What is the criteria for this category? Why couldn't a category be included in the scheduled rating plan to address the criteria for the individual risk rating issue?

Your prompt attention is requested.

Ms. Gayle Neuman  
217-524-6497

---

**From:** Lockhart,John C. [mailto:John.Lockhart@CNA.com]  
**Sent:** Tuesday, May 22, 2007 8:21 AM  
**To:** Neuman, Gayle  
**Subject:** RE: Rate/Rule Filing #06-R2125

Dear Gayle Neuman:

Thank you for your e-mail dated May 17, 2007. In response to the issues you raised:

1. Attached please find marked copies of: (1) the countrywide company pages and (2) the Illinois Company State Pages. Our Actuarial memorandum states all changes that the company made with this filing. This memorandum was disclosed to the Division of Illinois.
2. Both territory categories have identical class descriptions. We are using countrywide pages for the descriptions; some states have two territory categories, while others have only one. Please see page 2 of the Illinois State Pages for the rates for the two territory categories.
3. Yes, XI is referring to individual risk rating. This is used rarely in Illinois and mainly to adjust for adverse historical losses. Due to its rare use, it would be impossible to provide credible actuarial justification in determining the rate deviation. The scheduled rating plan is an available underwriting tool for all applicants and insureds. Schedule debits/credits are reviewed annually and a claim debit would typically apply for 5 years. This program is administered by an MGU that uses an automated system to track the usage of debits/credits.
4. There is a maximum debit or credit of 50% per policy. Please see Rule II.A on the Illinois Company State

5/22/2007

Page.

Thank you for your continued review of this filing. "

*John Lockhart*

K

40 Wall Street, 9<sup>th</sup> Floor  
New York, NY 10005-1401  
877-269-3277 ext. 3270

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Thank you.

5/22/2007



## Neuman, Gayle

---

**From:** Lockhart, John C. [John.Lockhart@CNA.com]  
**Sent:** Tuesday, May 22, 2007 8:21 AM  
**To:** Neuman, Gayle  
**Subject:** RE: Rate/Rule Filing #06-R2125  
**Attachments:** Manual Comparison.doc; 07 IL State Pages - 06-2125-comparison.doc

Dear Gayle Neuman:

Thank you for your e-mail dated May 17, 2007. In response to the issues you raised:

1. Attached please find marked copies of: (1) the countrywide company pages and (2) the Illinois Company State Pages. Our Actuarial memorandum states all changes that the company made with this filing. This memorandum was disclosed to the Division of Illinois.
2. Both territory categories have identical class descriptions. We are using countrywide pages for the descriptions; some states have two territory categories, while others have only one. Please see page 2 of the Illinois State Pages for the rates for the two territory categories.
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4. There is a maximum debit or credit of 50% per policy. Please see Rule II.A on the Illinois Company State Page.

Thank you for your continued review of this filing. "

*John Lockhart*

K

40 Wall Street, 9<sup>th</sup> Floor  
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877-269-3277 ext. 3270

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Thank you.

---

**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Thursday, May 17, 2007 11:49 AM  
**To:** Lockhart, John C.  
**Subject:** Rate/Rule Filing #06-R2125

5/22/2007

Mr. Lockhart,

We are in receipt of your March 21, 2007 submission. Please address the following issues:

1. 50 Ill. Adm. Code 929.30 requires identification of all changes from superseding filings. We request a written statement indicating the only changes made to the filing were disclosed to this Division.
2. On Actuarial Exhibit A, the Physician Assistant classes vary based on two different territory categories (1. Cook, Dupage, Madison, St. Clair, and 2. Remainder of State). However, we don't see where the manual makes such distinction. It would seem page 18 would indicate the territory categories.
3. Under XI. Restrictions of Coverage or Increased Rate, is this section referring to an individual risk rating rule plan? Section 155.18(b)(4) of the Illinois Insurance Code allows insurers to modify classification rates to produce rates for individual risks in accordance with rating plans which establish standards for measuring variations in hazards or expense provisions, or both. Such standards may measure any difference among risks that have a probable effect upon losses or expenses. Such modifications of classifications of risks may be established based upon size, expense, management, individual experience, location or dispersion of hazard, or any other reasonable considerations and shall apply to all risks under the same or substantially the same circumstances or conditions.
4. Under XVII. Schedule Rating, is there a maximum credit/debit that is applied per policy?

We request receipt of your response by no later May 24, 2007.

Gayle Neuman  
Property & Casualty Compliance, Division of Insurance  
Illinois Department of Financial & Professional Regulation  
(217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

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5/22/2007

COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA

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**I. APPLICATION OF MANUAL RULES**

- A. The rules contained in these pages shall govern the writing of Professional Liability policies for Healthcare Provider specialties described in Section XV below.
- B. The rules, rates, rating plans and forms filed on behalf of the Company, and not in conflict herewith, shall govern in all cases not specifically provided for herein.

**II. POLICY TERM**

Policies may be written for a term of one year, and renewed annually thereafter.

**III. PREMIUM COMPUTATION**

- A. Compute the premium at policy inception using the rates and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates and rating plans then in effect.
- B. Prorate the premium when a policy is issued for other than a whole year.
- C. Premiums are calculated as specified for the respective coverage. Premium rounding will be done at each step of the computation process in accordance with the Whole Dollar Rule, as opposed to rounding the final premium.

**IV. FACTORS OR MULTIPLIERS**

Wherever applicable, factors or multipliers are to be applied consecutively and not added together.

**V. WHOLE DOLLAR RULE**

In the event the rating procedure does not result in a whole dollar:

- A. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;
- B. any amount involving \$.49 or less shall be rounded down to the next lower whole dollar amount.

**VI. ADDITIONAL PREMIUM CHARGES**

- A. Prorate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

**VII. RETURN PREMIUM**

- A. Compute return premium at the rates used to calculate the policy premium at the inception of this policy period.
- B. Compute return premium pro rata and round in accordance with the Whole Dollar Rule when any coverage or exposure is deleted or an amount of insurance is reduced.

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COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA

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**VIII. DECREASED LIMITS OF LIABILITY**

When lower limits are offered, they will be provided on the following basis:

Limits of Liability	Decreased Limit Factor
\$100,000 / \$300,000	.64
\$100,000 / \$500,000	.65
\$200,000 / \$600,000	.69
\$250,000 / \$750,000	.71
\$200,000 / \$1,000,000	.71
\$500,000 / \$500,000	.76
\$500,000 / \$1,000,000	.79
\$500,000 / \$2,500,000	.83
\$1,000,000 / \$1,000,000	.94
\$1,000,000 / \$2,000,000	.95
\$1,000,000 / \$3,000,000	.96
\$1,000,000 / \$5,000,000	.98

Rates are derived using the standard \$1,000,000 / \$6,000,000 base rates.

**IX. INCREASED LIMITS OF LIABILITY**

When higher limits are offered, they will be provided on the following basis:

Limits of Liability	Increased Limit Factor	Minimum Premium
\$1,000,000 / \$7,000,000	1.02	\$25
\$1,000,000 / \$8,000,000	1.03	\$30
\$2,000,000 / \$4,000,000	1.15	\$40
\$2,000,000 / \$5,000,000	1.17	\$50
\$2,000,000 / \$6,000,000	1.18	\$65
\$2,000,000 / \$7,000,000	1.19	\$75
\$2,000,000 / \$8,000,000	1.20	\$80

Rates are derived using the standard \$1,000,000 / \$6,000,000 base rates.

**X. POLICY CANCELLATIONS**

Return premium will be computed pro-rata in accordance with the Whole Dollar Rule using the rules, rates and rating plans in effect at the inception of this policy period.

**XI. RESTRICTIONS OF COVERAGE OR INCREASED RATE**

Subject to individual state regulations, policies may be issued with special restrictions or at increased premium if:

- A. the insured agrees in writing; and
- B. the policy would not be written otherwise.

**XII. EXTENDED REPORTING PERIOD COVERAGE (Claims Made Only)**

If this policy is cancelled or non-renewed and subject to the following provisions, an extension period, for the purpose of reporting a claim, will be provided automatically for 60 days, and may be extended beyond that as governed by the following rules:

- A. The limits of liability may not exceed those afforded under the terminating policy.

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File Date 8/2006

File Number: 06-R2125

Page 2 of 17

COMPANY PAGES FOR  
**HEALTHCARE PROVIDERS SERVICE ORGANIZATION**  
**AMERICAN CASUALTY COMPANY OF READING, PA**

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- B. Extended Reporting Period Coverage will be available to the named insured shown on the certificate of insurance.
- C. Should the named insured terminate coverage under this policy, and desire Extended Reporting Period Coverage beyond the automatic 60 days, notice must be given to the Company, along with payment of the applicable premium, within 60 days.
- D. Upon termination of coverage under this policy by reason of death, the deceased's unearned premium for this coverage will be waived and Extended Reporting Period Coverage will be granted for no additional charge.
- E. Upon termination of coverage under this policy by reason of disability or retirement by the named insured, Extended Reporting Period Coverage will be granted for no additional charge provided that, during the policy period:
1. total and permanent disability occurs; or
  2. the named insured retires during the policy period and:
    - a. is 55 years of age or older and has been insured by this Company for at least 5 years of claims-made coverage; or
    - b. has been insured by us for at least 10 years of claims-made coverage.
- F. The prior acts date of coverage with this Company will determine the years of prior exposure for Extended Reporting Period Coverage.
- G. Premium must be paid promptly when due.
- H. In the event the policy is canceled, any return premium due the named insured shall be credited toward the premium for Extended Reporting Period Coverage, if the named insured elects this coverage. If any premium is due for the period of time between the earlier of the policy's Prior Acts date or effective date and the termination date, any monies received by the Company from the named insured shall first be applied to the premium owing for the policy and then to the Extended Reporting Period Coverage.
- I. There is no right to any extended reported period coverage if this policy is cancelled for non payment of premium, non compliance with any of the terms and condition of this policy or for any misrepresentation or omission in the application for this policy.
- J. Extended Reporting Period Coverage will be granted with the following discounts, subject to the Extended Reporting Provisions of the Policy and the following schedule:

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**Consecutive Years  
of Coverage**

**Discount**

10	Free
9	90%
8	80%
7	70%
6	60%
5	50%
4	40%
3	30%
2	20%
1	10%

- K. The factors in the following table shall be applied to the mature claims-made rate in effect at the beginning of the current policy period:

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COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA

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Years of Prior Claims Made Coverage	Installment Factors Years			Prepaid Factors
	1	2	3	
1	.36	.34	.28	.92
2	.58	.55	.39	1.43
3	.67	.55	.59	1.70
4 or more	.84	.55	.59	1.87

### XIII. PRIOR ACTS COVERAGE (Occurrence only)

The policy may be extended to provide prior acts coverage as follows:

- The prior acts period may not exceed the term immediately preceding coverage under this policy during which similar coverage was continuously provided under a claims made policy, nor shall limits of liability exceed those of the claims-made policy or the occurrence policy to which the prior acts endorsement shall be applied.
- The premium for Prior Acts Coverage is a one time only charge payable in advance or over the first three policy years in annual installments, but calculated in advance by applying the applicable factors from the table below to the current rate under this policy for limits of \$1,000,000/6,000,000 per occurrence.
- If the limit of liability under this coverage is other than \$1M/6M per occurrence, the premium developed under B above shall be adjusted by the appropriate increased or decreased limits factor.
- The premium will be charged annually, but calculated in advance:
  - Determine the current premium under this policy for limits of \$1M/6M per occurrence;
  - Enter the factor for the appropriate Prior Acts Period;
  - Apply factor (s) successively for the desired number of years of Prior Acts;
  - Apply the appropriate Increased/Decreased Limits Factor.

Prior Acts Period	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	Prepaid Factors
1 year prior	.47	.28	.26	0.94
2 years prior	.70	.43	.40	1.42
3 years prior	.81	.44	.46	1.64
4+ years prior	.87	.53	.50	1.76

### XIV. PREMIUM PAYMENT PLAN

The Company may, at its discretion, offer to the named insured various premium payment options, ranging from monthly to annual payment plans. Some of the premium payment plans may result in a service fee of \$5 per payment.

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COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA

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XV. ISO CLASSIFICATION CODES

Class	Description	ISO CODE
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I A	Occupational Therapists	80721
	Occupational Therapy Assistant	80721
	Certified Occupational Therapy Assistant	80721

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B	Respiratory Care Provider	80717
	Respiratory Therapist	80717

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C	Respiratory Therapist Technician/Technologist	80717
	Chiropractic Assistant	80411
	Optometric Technician/Assistant	80944
	Podiatric Assistant	80943

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Class	Description	ISO CODE
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II	Art Therapist	80967
	Dance Therapist	80967
	Music Therapist	80967
	Recreation Therapist	80945

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Class	Description	ISO CODE
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III A	LPN/LVN	80963
	Registered Nurse	80964

B	Dietician	80720
	Nutritionist	80720

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C	Bio-medical Technician/Technologist	80719
	Blood Bank Technician/Technologist	80719
	Cardiology Technician/Technologist	80719
	Certified Lab Technician/Technologist	80711
	Certified Medical Assistant	80719
	Clinical Lab Technician/Technologist	80711
	Community Health Assistant	80719
	Community Health Technician/Technologist	80719
	Diagnostic Medical Sonographer	80719
	Dialysis Technician/Technologist	80719
	EEG Technician/Technologist	80719
	EKG Technician/Technologist	80719
	Electrologist	80719
	Histologic Technician/Technologist	80719
	Medical Assistant	80719
	Medical Laboratory Technician/Technologist	80711
	Medical Records Administrator	80711
	Medical Records Technician/Technologist	80719
	Medical Technician	80719
	Medical Technician/Technologist Assistant	80719
Medical Technologist	80719	

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Deleted: Health Educator

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AMERICAN CASUALTY COMPANY OF READING, PA

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XV. ISO CLASSIFICATION CODES (continued)

Class	Description	ISO CODE
III C	Mental Retardation Workers	80711
	Nuclear Medical Technician/Technologist	80719
	Phlebotomist	80719
	Radiation Therapist	80713
	Radiology Technician/Technologist	80719
	Surgical Technician/Technologist	80129
	X-Ray Machine Operator	80713

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D	Home Health Aide	80618
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Class	Description	ISO CODE
IV A	Pharmacist	59112
B	Pharmacy Technician	59112
C	Pedorthist	80943

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Class	Description	ISO CODE
V	Circulation Tech	80945
	Perfusionist	80945

Class	Description	ISO CODE
VI A	Massage Therapist	80718

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B	Enterostomal Therapist	80945
	Orthopedic Assistant	80943

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Class	Description	ISO CODE
VII A	Athletic Trainer	80945
B	Exercise Physiologist	80945
	Fitness Professional	80945
	Health Educator	80711
	Kinesiologist	80945
	Personal Trainer, Certified	80945
	Sports Medicine Instructor	80945

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Class	Description	ISO CODE
VIII A	Paramedic	80723
B	Basic / Intermediate Emergency Medical Technician	80723
C	Volunteer Emergency Medical Technician	80723

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Class	Description	ISO CODE
IX A	Physical Therapist	80995
	Rehabilitation Therapist	80995
	Kinesiotherapist	80945
	Sports Medicine Therapist	80945
	Corrective Therapist	80945

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B	Physical Therapist Assistant	80995
	Rehabilitation Assistant	80995

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COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA

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XV. ISO CLASSIFICATION CODES (continued)

Class	Description	ISO CODE
X	No specialties in this class	

Class	Description	ISO CODE
XI	<b>Nurse Practitioners</b>	
A	Adult / Geriatric / Family Planning / Gynecology / Women's Health / Adult Oncology	80965
B	Psychiatric	80965
C	Pediatric / Neonatal / Family Practice / Acute Critical Care	80965
D	Obstetrics / Gynecology / Perinatal / Acute Care Obstetrics	80965
E	Nurse Practitioner Student	80965

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Class	Description	ISO CODE
XII	Audiologists	80716
	Speech Language Pathologist	80716
	Speech Hearing Therapist	80716

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Class	Description	ISO CODE
XIII	Dental Hygienists	80712

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Class	Description	ISO CODE
XIV	Dental Assistants	80712
	Laboratory Aide	80711
	Nurses Aide	80964
	Geriatric Nursing Assistant	80963
	Nursing Assistant	80963
	Physical Therapy Aide	80995
	Other Healthcare Aide (Excluding Home Health Aides)	80711

Deleted: Laboratory Aide

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Class	Description	ISO CODE
XV	<b>A Social Worker Clinical</b>	80723

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B Psychotherapist / Psychologist

80723

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C Alcohol/Drug Counselor

80723

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Case Manager

72990

Clinical/Rehabilitation Counselor

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Pastoral Counselor

80723

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School Counselor

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D Marriage/Family Counselor

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COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA

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Class	Description	ISO CODE
<b>XVI A</b>	Physician Assistant Class 1  <u>A PA who performs tasks ordinarily reserved for the Physician and who works under the direction and supervision of a licensed physician to assist the physician in the management of patients.</u>	80116
<b>B</b>	Physician Assistant Class 2  <u>A PA who is involved in any of the following:</u> <u>Assisting in surgery (other than observation)</u> <u>Trauma/Emergency room procedures/responsibilities (10 hours or less per week)</u> <u>Prenatal or Postnatal care</u> <u>Assisting in anesthesiology</u>	80116
<b>C</b>	Physician Assistant Class 3  <u>A PA who is involved in any of the following:</u> <u>Orthopedic surgery</u> <u>OB/GYN Surgery</u> <u>Cardiovascular Surgery</u> <u>Thoracic Surgery</u> <u>Trauma/Emergency Room – Greater than 10 hours/week</u> <u>OB including delivery room responsibilities</u> <u>Exposure to Cardiac Catherization lab</u>	80116
<b>D</b>	<u>Physician Assistant Student</u>	80116

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**XVI. CALCULATION OF PREMIUM**

- A. The premium for the policy shall be the sum of the applicable charges developed below:
- B. If more than one classification is applicable, the higher rated classification will be used for rating.
- C. The annual occurrence form base rate for each Healthcare Provider is stated on the state rate page.
- D. The annual claims made form rate for each Healthcare Provider shall be determined for Classes I through XVI as follows:
1. If the Healthcare Provider is just entering practice, or the Healthcare Provider has continuously been insured under an occurrence policy, enter the step rate factor from the table at the year one level.
  2. If the Healthcare Provider has been insured under a claims-made policy, for one or more years immediately preceding the effective date of this coverage, or for reasons acceptable to the Company had been uninsured, the following procedure shall apply:
    - a. determine the number of years in which the Healthcare Provider was covered under such claims-made policy(ies);
    - b. determine the number of years in which the Healthcare Provider was uninsured;
    - c. the sum of years developed in a. and b. shall be the base exposure. Fractional years of six months or more of base exposure shall be rounded to the next higher year; less than six months shall be rounded to the next lower year;
    - d. the sum of years developed in c. above shall be the Years of Prior Exposure. The table is entered at the total prior Years of Exposure, plus one.

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The factors in the following table shall be applied to the full time Class I through XVI rate, found on the State Page:

Class	Step Rate Factors				
	Year 1	Year 2	Year 3	Year 4	Year 5
I through XVI	.32	.57	.77	.84	.99

**XVII. SCHEDULE RATING**

When applicable, apply the appropriate debit or credit based upon the following risk characteristics, subject to state specific limitations regarding on Schedule Rating:

	<u>CREDIT</u>	<u>DEBIT</u>
<i>Procedure Mix</i> Applicable to insureds whose procedures or practice specialties are primarily concentrated in areas other than their practice classification and/or specialty.	0 - 25%	0 - 25%
<i>Exposure Modification</i> Applicable to those insureds who have an increased or reduced exposure.	0 - 25%	0 - 25%
<i>Unusual Risk Characteristics</i>	0 - 25%	0 - 25%
<i>Continuing Education</i> Applicable to insureds who are involved in a CNA approved continuing education program other than risk management programs.	0 - 25%	0 - 25%

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# **XVIII. RULES FOR INDIVIDUALS**

The following rules apply to eligible employed individuals and self employed non incorporated individuals only:

## **A. Coverage**

The following coverage will be provided:

1. Professional Liability including Good Samaritan Liability, Personal Injury Liability and Malplacement Liability on an occurrence or claims-made basis;
2. License Protection including wage loss, travel, food and lodging (up to \$500 per proceeding) and legal defense costs (up to \$150/hour);
3. Defendant Expense Benefit;
4. Deposition Representation;
5. Assault;
6. Medical Payments;
7. First Aid;
8. Damage to Property of Others; and
9. Workplace Liability.
10. Personal Liability.

B. The following are the base limits used for premium calculation. Availability of limits by specialty or state may be restricted by underwriting guidelines:

## **Coverage**

## **Limits of Liability**

Professional Liability	\$ 1,000,000	Each claim	\$ 6,000,000	aggregate
Good Samaritan Liability	\$		included in PL limit above	
Personal Injury Liability	\$		included in PL limit above	
Malplacement Liability	\$		included in PL limit above	
License Protection	\$ 10,000	per proceeding	\$ 25,000	aggregate
Defendant Expense Benefit	\$		\$ 10,000	aggregate
Deposition Representation	\$ 2,500	per incident	\$ 5,000	aggregate
Assault	\$ 10,000	per incident	\$ 25,000	aggregate
Medical Payments	\$ 2,000	per person	\$ 100,000	aggregate
First Aid	\$		\$ 2,500	aggregate
Damage to Property of Others	\$ 500	per incident	\$ 10,000	aggregate
Personal Liability	\$		\$ 1,000,000	aggregate
Workplace Liability	\$		included in PL limit above	

## **C. Supplemental Modifications - Individuals**

### **1. New Healthcare Providers**

A new Healthcare Provider is defined as a Healthcare Provider who has completed the training in their specialty within the previous twelve (12) months, and who is applying for coverage as a non-incorporated individual. The credit will be a 50% credit for the first year or 25% for nurse practitioners. If application of the credit results in a rate which is less than the rate for another specialty for which the Healthcare Provider is covered, the higher rate will apply without discount.

The above credit does not apply if part time credit is given or if the policy is issued as claims made.

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2. **Additional Insureds**

Where eligible, additional insured coverage may be added to the policy on a shared limit of liability basis. The rate will be 5% of the policy premium each subject to a minimum premium of \$165 each. Such Additional Insured shall be covered for their vicarious liability only as their interest appears.

3. **Part Time**

Individual Healthcare Provider who works 24 or fewer hours per week may be eligible for restricted coverage at a rate reduction of 50% subject to a minimum premium. Physician Assistants will be eligible for restricted coverage at a rate reduction of 35% subject to a minimum premium.

- a. When part time rates result in an amount that is less than \$100, the rate will be the lesser of either the individual's full time base rate or \$100.
- b. If the individual's full time base rate is used, full coverage is afforded. If a rate, less than the full time rate, is used, part time reduced coverages will apply.
- c. Part time rate is available to an employed individual who works 24 or fewer hours per week in a self-employed capacity for that individual's self-employed pursuits.
- d. The part time rate reduction is not available for nurse practitioners and may be further restricted by underwriting guidelines.

4. **Retirement/Leave**

An Individual Healthcare Provider who is not actively employed as a Healthcare Provider but maintains an active license may be eligible for restricted coverage at a rate reduction of 50%. The reduced rate may be applied retroactively to the first day of retirement/leave, on the condition that the Company is notified within ten (10) days of the retirement/leave. If the company is notified at a later date, the discount may be applied as of the date the Company received the notice. This credit will not apply to firms or self employed incorporated individuals.

5. **Individual Risk Management Credit**

A credit of 10% will be applied to the annual premium applicable to an individual Healthcare Provider who attends a CNA approved loss prevention seminar, workshop, or other loss prevention program. This credit will be applied for a three year period.

6. **Consulting Services Liability**

Consulting Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25. Consulting Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Consulting, Educating or Training Services in the Healthcare Provider's area of specialization.

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7. **Case Management Services Liability**

Case Management Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25. Case Management Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Case Management duties such as assessing and coordinating treatment options, managing a patient's total care to ensure optimum outcome or utilization review.

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## XIX. RULES FOR FIRMS

The following rules are applicable to Firms. Firms include corporations, partnerships, organizations, sole proprietorship or self employed incorporated individuals.

### A. Coverage

The following coverage will be provided to Firms on a shared limit of liability basis:

1. Professional Liability including Good Samaritan Liability, Personal Injury Liability and Malplacement Liability on an occurrence or claims-made basis;
2. License Protection including wage loss, travel, food and lodging (up to \$500 per proceeding) and legal defense costs (up to \$150/hour);
3. Defendant Expense Benefit;
4. Deposition Representation;
5. Assault;
6. Medical Payments;
7. First Aid;
8. Damage to Property of Others

### B. Limits of Liability

The following are the base limits used for premium calculation. Availability of limits by specialty or state may be restricted by underwriting guidelines:

Coverage	Limits of Liability	
Professional Liability	\$ 1,000,000 each claim	\$ 6,000,000 aggregate
Good Samaritan Liability	\$ included in PL limit above	
Personal Injury Liability	\$ included in PL limit above	
Malplacement Liability	\$ included in PL limit above	
License Protection	\$ 10,000 per proceeding	\$ 25,000 aggregate
Defendant Expense Benefit	\$	\$ 10,000 aggregate
Deposition Representation	\$	\$ 10,000 aggregate
Assault	\$ 10,000 per incident	\$ 25,000 aggregate
Medical Payments	\$ 2,000 per person	\$ 100,000 aggregate
First Aid	\$	\$ 2,500 aggregate
Damage to Property of Others	\$ 2,500 per incident	\$ 10,000 aggregate

General Liability is available as an optional coverage.

### C. Firm Rates & Policy Minimum

1. The base rate for each healthcare professional will be the higher of the self employed rate shown on the State Rate page or \$300 each.
2. The base rate for each aide, technician or assistant will be the higher of the self employed rate shown on the State Rate page or \$175.
3. The base rate for home healthcare aide will be \$100 each.
4. The following minimum premium per policy shall apply to all firm policies except self-employed incorporated individuals with no employees. For these individuals, the self employed individual rate as shown on the State Rate Page shall apply as the Minimum.

Nurse Practitioner Firm

\$ 2,500

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Physical Therapy Firms of 15 or more \$5,000  
All other Firms of 2 or more headcount \$ 500

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**D. Full Time Equivalents (FTE)**

For calculating headcount, where applicable, full time equivalents may be utilized for Firms. Full time is defined as 40 hours a week. The total number of hours per week for each profession will be divided by 40 to determine the number of full time equivalents for that profession.

The full time equivalent rule is subject to minimum policy premium and minimum headcount to FTE ratios.

**E. Supplemental Modifications - Firms**

**1. Size of Business**

A credit will be given based on the number of Healthcare Providers associated with the business. The following will be applied:

# of providers	Credit
2 - 9	4%
10 - 14	8%
15 or more	12%

**2. Business Loss Prevention Credit**

A credit of 5% will be applied to a firm who maintains a CNA approved loss prevention program, seminar or workshop for its employees. This credit will be applied for a one year period, and will be reviewed annually.

**3. Debits will be added based on the presence of the following:**

Category	Debit
Registry/Staffing	A surcharge of 25% of developed premium before debits/credits will be added to Firms that provide staffing to other facilities, firms or locations.
Background Check	A surcharge of 10% of developed premium before debits/credits will be added to Firms not performing background checks on their employees and independent contractors.
Nursing Home/Assisted Living/LTC	A surcharge of 25% of developed premium before debits/credits will be added to Firms that do more than 50% staffing of Nursing Home Facilities or Assisted Living Centers.
High Tech/Critical Care	A surcharge of 25% of developed premium before debits/credits will be added to Firms performing High Tech (i.e. Trach care, Ventilator care, Chemotherapy, etc.) or Critical Care.

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**4. Separate Limits**

All ratable employees and the corporation may be provided separate limits. The following debit will be applied:

# of ratable employees	Debit
1	10.0%
2 - 9	12.0%
10 - 14	15.5%
15 or more	17.5%

**F. General Liability**

- Optional General Liability coverage may be purchased by self-employed incorporated individuals or firms with a \$1,000,000 aggregate limit. The annual rate is stated on the state rate page for the first facility based practice location.
- When a firm has multiple practice locations, and requests General Liability coverage, a \$50 charge per additional practice location will apply.
- When a firm provides home healthcare, staffing or fitness, the annual rate will be 25% of the developed Professional Liability rate, subject to \$150 per policy minimum.
- Other limits are available and associated with the following factors (which are with respect to the \$1M/\$1M rate).

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Increased Limit	Increased Limit Factor
\$1,000,000 / \$1,000,000	1.00
\$1,000,000 / \$2,000,000	1.13
\$1,000,000 / \$3,000,000	1.21
\$1,000,000 / \$4,000,000	1.28
\$1,000,000 / \$5,000,000	1.33
\$1,000,000 / \$6,000,000	1.37
\$1,000,000 / \$7,000,000	1.39
\$1,000,000 / \$8,000,000	1.40
\$2,000,000 / \$4,000,000	1.98
\$2,000,000 / \$5,000,000	2.00
\$2,000,000 / \$6,000,000	2.01
\$2,000,000 / \$7,000,000	2.02
\$2,000,000 / \$8,000,000	2.03

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**G. Deductibles**

When deductible options are requested or required, the following credits should be applied to the developed policy premium. When General Liability is offered, the same deductible amount must be provided for both Professional Liability and General Liability.

Amount	Credit
\$0	0%
\$1,000	1%
\$2,500	2.5%
\$5,000	5%
\$10,000	10%
\$15,000	11%
\$20,000	13%
\$25,000	15%

**H. Additional Insured**

Where eligible, additional insured coverage may be added to the policy on a shared limit of liability basis. The rate will be 5% of the policy premium each subject to a minimum premium of \$165 each. Such Additional Insured shall be covered for their vicarious liability only as their interest appears.

**I. Consulting Services Liability**

Consulting Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25 for each Consultant. Consulting Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Consulting, Educating or Training Services in the Firm's area of specialization.

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**J. Case Management Services Liability**

Case Management Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25 for each Case Manager. Case Management Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Case Management duties such as assessing and coordinating treatment options, developing treatment plans or managing a patient's total care.

**K. Medical Director or Administrator Liability**

Medical Director or Administrator coverage may be added to the policy on a Sub-limit basis. The Limit of Liability for this coverage: \$100,000 Each Claim / \$300,000 Aggregate is a sub-limit of the Professional Liability Limit shown on the Certificate of Insurance. The rate for each Medical Director or Administrator will be \$500 or 10% of the base premium, whichever is higher. The Medical Director or Administrator Liability endorsement extends Professional Liability coverage to include Administrative Services provided by a Physician or other Administrator.

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## XX. RULES FOR SCHOOL BLANKET

The following rules are applicable to the School Blanket Policy for Healthcare Provider Students  
ISO Code: 80998.

### A. Coverage

The following coverage will be provided to School Blanket on a shared limit of liability basis:

1. **Professional Liability** coverage for damages as a result of a claim arising out of a medical incident or personal injury out of the supplying of, or failure to supply services by a student or faculty and advisor of the named insured school; including vicarious liability for the school; includes **Personal Injury Liability**.
2. Grievance Proceedings
3. Defendant Expense Benefit
4. Deposition Representation
5. Assault
6. Medical Payments
7. First Aid
8. Damage to Property of Others

### B. Limits of Liability

The following are the base limits used for premium calculation. Availability of limits by specialty or state may be restricted by underwriting guidelines:

#### Coverage

#### Limits of Liability

Professional Liability	\$ 1,000,000	each claim	\$ 5,000,000	aggregate
Personal Injury Liability	\$	included in PL limit above		
Grievance Proceedings	\$ 1,000	per proceeding	\$ 10,000	aggregate
Defendant Expense Benefit	\$		\$ 10,000	aggregate
Deposition Representation	\$ 1,000	per incident	\$ 5,000	aggregate
Assault	\$ 1,000	per incident	\$ 25,000	aggregate
Medical Payments	\$ 2,000	per person	\$ 100,000	aggregate
First Aid	\$ 500	per incident	\$ 25,000	aggregate
Damage to Property of Others	\$ 250	per incident	\$ 10,000	aggregate

### C. School Rates & Policy Minimum

1. Calculations will be made based on the estimated number of students (total annual headcount) in each of the covered curricula at the inception of the policy period.
2. Premium will be collected or returned for additions or deletions if the change modifies the student count by 25% or more when the change occurs during the first six months of the policy term. If the change occurs in the second half of the policy term, the policy will be reconciled at renewal.
3. A \$300 minimum annual premium shall apply to each School Blanket policy.

### D. Supplemental Modifications – School Blanket

Modifications developed under the following shall be summed and applied as a single factor, subject to a maximum credit of 25%. Such credits shall apply on a one year basis, and will be subject to annual review.

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1. **Claim-Free Credit**

A 10% credit applies if there have been no claims reported to the Company during the past three policy periods and the Company has provided coverage during each of those policy periods.

2. **Longevity Credit**

At the inception of a fourth consecutive policy period, a 5% credit will be granted to a school that has been insured in this program for the three preceding years.

3. **Size of School Modification**

The following credits will be applied based on the number of students covered on the policy:

Number of Students	Credit
500 – 1,000	5%
1,001- 2,499	10%
2,500+	15%

E. **Additional Insured**

An additional insured request for a landlord, government organization, charity or religious organization may be added to the policy on a shared limit of liability basis for no additional charge. Such additional insured shall be covered for their vicarious liability only as their interest appears.

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		Medical Assistant	80711
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		Massage Therapist	80945
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		Sports Medicine Therapist	80945
		Exercise Physiologist	80945
		Kinesiologist / Kinesiotherapist	80945
		Personal Trainer, Certified	80945
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		Wellness Counselor	80998

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**I. STATE ENDORSEMENTS**

State Provisions	G-123846-C12	Mandatory on all policies
State Amendments	G-123829-B12	Mandatory on all policies
State Amendments-ERP	G-123812-A12	Mandatory on all claims-made policies

**II. AMENDED RULES**

- A. Rule XVII, Schedule Rating Plan, is amended by the addition of the following:

The maximum debit or credit to be applied under this plan shall be limited to 50%.

- B. Rule XII, Extended Reporting Period Coverage (Claims Made Only), paragraph I. is deleted in its entirety.
- C. Rule XII, Extended Reporting Period Coverage (Claims Made Only), paragraph K. is deleted in its entirety and replaced with the following:

- K. The factors in the following table shall be applied to the claims-made rate in effect at the beginning of the current policy period:

Years of Prior Claims Made Coverage	Installment Factors Years			Prepaid Factors
	1	2	3	
1	.36	.34	.28	.92
2	.58	.55	.39	1.43
3	.67	.55	.59	1.70
4 or more	.84	.55	.59	1.87

- D. Rule XIV, Premium Payment Plan is deleted in its entirety and replaced with the following:

Quarterly Installment Option:

The Company will offer individual insureds the option to make annual premium payments using quarterly or annual installments. When quarterly installments are selected, the following standards will apply:

- i) An initial payment of no more than 40% of the estimated total premium will be due at policy inception;
- ii) The remaining premium will be spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- iii) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less, will be assessed;
- iv) Availability will be subject to a minimum annual premium of \$500; and
- v) Quarterly installments will not be available for premium for any extension of a reporting period.
- vi) There will be no interest charges;

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- vii) Any additional premium resulting from changes to policy, mid-term, shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

**III. RATES**

- A. All rates indicated below are for Professional Liability limits of \$1,000,000 each claim, with a \$6,000,000 annual aggregate.

CLASS	EMPLOYED	SELF-EMPLOYED
I A	79	220
B	93	312
C	93	260
II	93	312
III A	98	300
B	93	260
C	93	182
D	93	100
IV A	146	390
B	93	182
C	115	323
V	156	312
VI A	156	182
B	182	312
VII A	208	988
B	156	182
VIII A	166	239
B	151	217
C	78	78
IX A	164	467
B	83	234
X	---	---
XI A	717	884
B	1,012	1,251
C	1,309	1,616
D	1,607	1,985
E	275	N/A
XII	82	140
XIII	62	260
XIV	51	182
XV A	125	300
B	450	950
C	125	330
D	125	265

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Counties: Cook, DuPage, Madison, St. Clair

XVI A	4,840	4,840
B	6,050	6,050
C	7,260	7,260
D	156	N/A

Remainder of State

XVI A	3,998	3,998
B	4,998	4,998
C	5,997	5,997
D	156	N/A

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B. Student Rates

The rate for an individual healthcare student is \$29, except where otherwise specified in class rate schedule III. A.

**Deleted:** \$275 for a nurse practitioner student

C. General Liability

Base General Liability limits of \$1,000,000 for each claim, with a \$1,000,000 annual aggregate may be purchased for \$150.

D. Student Blanket

The rate is \$13 per student for all specialties at \$1,000,000/\$5,000,000 limit of liability.

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XVI	A	889	N/A
	B	1,091	N/A
	C	1,309	N/A



**Neuman, Gayle**


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**From:** Lockhart, John C. [John.Lockhart@CNA.com]  
**Sent:** Wednesday, March 21, 2007 9:51 AM  
**To:** Neuman, Gayle  
**Subject:** RE: American Casualty Co of Reading, PA - Rate/Rule Filing #06-R2125  
**Importance:** High  
**Attachments:** IL Rates Response #1.pdf; 03 IL RF3.pdf; Rule Manual.pdf

Ms. Neuman:

I now attach our response to your message dated March 20, 2007.  
 Thank you for your further consideration.

*John Lockhart*

---

**From:** Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]  
**Sent:** Tuesday, March 20, 2007 10:41 AM  
**To:** Lockhart, John C.  
**Subject:** American Casualty Co of Reading, PA - Rate/Rule Filing #06-R2125

Mr. Lockhart,

We are in receipt of the above referenced filing submitted by your letter dated March 14, 2007. Please address the following:

1. The RF-3 Summary Sheet provided indicated Continental Casualty Company instead of American Casualty Company of Reading, PA. Please submit a revised form.
2. We request you submit all 17 of the manual pages for this section.
3. Indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?

We request receipt of your response by March 27, 2007 so that we may continue our review of this filing.

Gayle Neuman  
 Property & Casualty Compliance, Division of Insurance  
 Illinois Department of Financial & Professional Regulation  
 (217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting any filing. The checklists can be accessed through the Department's website (<http://www.idfpr.com/>) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

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**John Lockhart**

Regulatory Filings Technician  
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March 21, 2007

Ms. Gayle Neuman  
Property & Casualty Compliance Unit  
Illinois Department of Insurance  
320 West Washington Street  
Springfield, IL 62767-0001

RE: American Casualty Company of Reading, PA NAIC # 218-20427 FEIN#23-0342560  
Healthcare Providers Services Organization Risk Purchasing Group  
Medical Malpractice  
Rates  
Our File #: 06-R2125

Dear Ms. Neuman:

Thank you for your e-mail dated March 20, 2007. In response to the issues you raised:

The revised RF-3 Summary Sheet reflecting American Casualty Company of Reading, PA is attached.

The complete manual is attached.

CNA is an ISO reporting company and as such reports to ISO as required.

Thank you for your continued review of this filing.

Sincerely,

John Lockhart

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**XV. ISO CLASSIFICATION CODES**

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>I</b>	<b>A</b> Occupational Therapists	80721
	Occupational Therapy Assistant	80721
	Certified Occupational Therapy Assistant	80721
	<b>B</b> Respiratory Care Provider	80717
	Respiratory Therapist	80717
	<b>C</b> Respiratory Therapist Technician/Technologist	80717
	Chiropractic Assistant	80411
	Optometric Technician/Assistant	80944
	Podiatric Assistant	80943
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>II</b>	Art Therapist	80967
	Dance Therapist	80967
	Music Therapist	80967
	Recreation Therapist	80945
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>III</b>	<b>A</b> LPN/LVN	80963
	Registered Nurse	80964
	<b>B</b> Dietician	80720
	Nutritionist	80720
	<b>C</b> Bio-medical Technician/Technologist	80719
	Blood Bank Technician/Technologist	80719
	Cardiology Technician/Technologist	80719
	Certified Lab Technician/Technologist	80711
	Certified Medical Assistant	80719
	Clinical Lab Technician/Technologist	80711
	Community Health Assistant	80719
	Community Health Technician/Technologist	80719
	Diagnostic Medical Sonographer	80719
	Dialysis Technician/Technologist	80719
	EEG Technician/Technologist	80719
	EKG Technician/Technologist	80719
	Electrologist	80719
	Histologic Technician/Technologist	80719
	Medical Assistant	80719
	Medical Laboratory Technician/Technologist	80711
	Medical Records Administrator	80711
	Medical Records Technician/Technologist	80719
	Medical Technician	80719
	Medical Technician/Technologist Assistant	80719
	Medical Technologist	80719

As REC'D 3/19/07

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**XV. ISO CLASSIFICATION CODES (continued)**

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>III C</b>	Mental Retardation Workers	80711
	Nuclear Medical Technician/Technologist	80719
	Phlebotomist	80719
	Radiation Therapist	80713
	Radiology Technician/Technologist	80719
	Surgical Technician/Technologist	80129
	X-Ray Machine Operator	80713
<b>D</b>	Home Health Aide	80618
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>IV A</b>	Pharmacist	59112
	Pharmacy Technician	59112
	Pedorthist	80943
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>V</b>	Circulation Tech	80945
	Perfusionist	80945
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>VI A</b>	Massage Therapist	80718
	Enterostomal Therapist	80945
	Orthopedic Assistant	80943
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>VII A</b>	Athletic Trainer	80945
	Exercise Physiologist	80945
	Fitness Professional	80945
	Health Educator	80711
	Kinesiologist	80945
	Personal Trainer, Certified	80945
	Sports Medicine Instructor	80945
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>VIII A</b>	Paramedic	80723
	Basic / Intermediate Emergency Medical Technician	80723
	Volunteer Emergency Medical Technician	80723
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>IX A</b>	Physical Therapist	80995
	Rehabilitation Therapist	80995
	Kinesiotherapist	80945
	Sports Medicine Therapist	80945
	Corrective Therapist	80945
<b>B</b>	Physical Therapist Assistant	80995
	Rehabilitation Assistant	80995

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**XV. ISO CLASSIFICATION CODES (continued)**

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>X</b>	No specialties in this class	
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>XI</b>	<b>Nurse Practitioners</b>	
<b>A</b>	Adult / Geriatric / Family Planning / Gynecology / Women's Health / Adult Oncology	80965
<b>B</b>	Psychiatric	80965
<b>C</b>	Pediatric / Neonatal / Family Practice / Acute Critical Care	80965
<b>D</b>	Obstetrics / Gynecology / Perinatal / Acute Care Obstetrics	80965
<b>E</b>	Nurse Practitioner Student	80965
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>XII</b>	Audiologists	80716
	Speech Language Pathologist	80716
	Speech Hearing Therapist	80716
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>XIII</b>	Dental Hygienists	80712
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>XIV</b>	Dental Assistants	80712
	Laboratory Aide	80711
	Nurses Aide	80964
	Geriatric Nursing Assistant	80963
	Nursing Assistant	80963
	Physical Therapy Aide	80995
	Other Healthcare Aide (Excluding Home Health Aides)	80711
<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>XV</b>	<b>A</b> Social Worker Clinical	80723
	<b>B</b> Psychotherapist / Psychologist	80723
	<b>C</b> Alcohol/Drug Counselor	80723
	Case Manager	72990
	Clinical/Rehabilitation Counselor	80723
	Pastoral Counselor	80723
	School Counselor	80723
	<b>D</b> Marriage/Family Counselor	80723

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

<b>Class</b>	<b>Description</b>	<b>ISO CODE</b>
<b>XVI A</b>	Physician Assistant Class 1  A PA who performs tasks ordinarily reserved for the Physician and who works under the direction and supervision of a licensed physician to assist the physician in the management of patients.	80116
<b>B</b>	Physician Assistant Class 2  A PA who is involved in any of the following: Assisting in surgery (other than observation) Trauma/Emergency room procedures/responsibilities (10 hours or less per week) Prenatal or Postnatal care Assisting in anesthesiology	80116
<b>C</b>	Physician Assistant Class 3  A PA who is involved in any of the following: Orthopedic surgery OB/GYN Surgery Cardiovascular Surgery Thoracic Surgery Trauma/Emergency Room -- Greater than 10 hours/week OB including delivery room responsibilities Exposure to Cardiac Catherization lab	80116
<b>D</b>	Physician Assistant Student	80116

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**XVIII. RULES FOR INDIVIDUALS**

The following rules apply to eligible employed individuals and self employed non incorporated individuals only:

**A. Coverage**

The following coverage will be provided:

1. Professional Liability including Good Samaritan Liability, Personal Injury Liability and Malplacement Liability on an occurrence or claims-made basis;
2. License Protection including wage loss, travel, food and lodging (up to \$500 per proceeding) and legal defense costs (up to \$150/hour);
3. Defendant Expense Benefit;
4. Deposition Representation;
5. Assault;
6. Medical Payments;
7. First Aid;
8. Damage to Property of Others; and
9. Workplace Liability.
10. Personal Liability.

- B.** The following are the base limits used for premium calculation. Availability of limits by specialty or state may be restricted by underwriting guidelines:

<b>Coverage</b>	<b>Limits of Liability</b>		
Professional Liability	\$ 1,000,000	Each claim	\$ 6,000,000 aggregate
Good Samaritan Liability	\$	included in PL limit above	
Personal Injury Liability	\$	included in PL limit above	
Malplacement Liability	\$	included in PL limit above	
License Protection	\$ 10,000	per proceeding	\$ 25,000 aggregate
Defendant Expense Benefit	\$		\$ 10,000 aggregate
Deposition Representation	\$ 2,500	per incident	\$ 5,000 aggregate
Assault	\$ 10,000	per incident	\$ 25,000 aggregate
Medical Payments	\$ 2,000	per person	\$ 100,000 aggregate
First Aid	\$		\$ 2,500 aggregate
Damage to Property of Others	\$ 500	per incident	\$ 10,000 aggregate
Personal Liability	\$		\$ 1,000,000 aggregate
Workplace Liability	\$	included in PL limit above	

**C. Supplemental Modifications - Individuals**

**1. New Healthcare Providers**

A new Healthcare Provider is defined as a Healthcare Provider who has completed the training in their specialty within the previous twelve (12) months, and who is applying for coverage as a non-incorporated individual. The credit will be a 50% credit for the first year or 25% for nurse practitioners. If application of the credit results in a rate which is less than the rate for another specialty for which the Healthcare Provider is covered, the higher rate will apply without discount.

The above credit does not apply if part time credit is given or if the policy is issued as claims made.



**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**2. Additional Insureds**

Where eligible, additional insured coverage may be added to the policy on a shared limit of liability basis. The rate will be 5% of the policy premium each subject to a minimum premium of \$165 each. Such Additional Insured shall be covered for their vicarious liability only as their interest appears.

**3. Part Time**

Individual Healthcare Provider who works 24 or fewer hours per week may be eligible for restricted coverage at a rate reduction of 50% subject to a minimum premium. Physician Assistants will be eligible for restricted coverage at a rate reduction of 35% subject to a minimum premium.

- a. When part time rates result in an amount that is less than \$100, the rate will be the lesser of either the individual's full time base rate or \$100.
- b. If the individual's full time base rate is used, full coverage is afforded. If a rate, less than the full time rate, is used, part time reduced coverages will apply.
- c. Part time rate is available to an employed individual who works 24 or fewer hours per week in a self-employed capacity for that individual's self-employed pursuits.
- d. The part time rate reduction is not available for nurse practitioners and may be further restricted by underwriting guidelines.

**4. Retirement/Leave**

An Individual Healthcare Provider who is not actively employed as a Healthcare Provider but maintains an active license may be eligible for restricted coverage at a rate reduction of 50%. The reduced rate may be applied retroactively to the first day of retirement/leave, on the condition that the Company is notified within ten (10) days of the retirement/leave. If the company is notified at a later date, the discount may be applied as of the date the Company received the notice. This credit will not apply to firms or self employed incorporated individuals.

**5. Individual Risk Management Credit**

A credit of 10% will be applied to the annual premium applicable to an individual Healthcare Provider who attends a CNA approved loss prevention seminar, workshop, or other loss prevention program. This credit will be applied for a three year period.

**6. Consulting Services Liability**

Consulting Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25. Consulting Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Consulting, Educating or Training Services in the Healthcare Provider's area of specialization.

**7. Case Management Services Liability**

Case Management Services Liability coverage may be added to the policy on a shared limit basis. The rate will be \$25. Case Management Services Liability provides Errors and Omissions coverage for non-medical incidents while performing Case Management duties such as assessing and coordinating treatment options, managing a patient's total care to ensure optimum outcome or utilization review.

**COMPANY PAGES FOR  
HEALTHCARE PROVIDERS SERVICE ORGANIZATION  
AMERICAN CASUALTY COMPANY OF READING, PA**

**4. Separate Limits**

All ratable employees and the corporation may be provided separate limits. The following debit will be applied:

# of ratable employees	Debit
1	10.0%
2 - 9	12.0%
10 - 14	15.5%
15 or more	17.5%

**F. General Liability**

- Optional General Liability coverage may be purchased by self-employed incorporated individuals or firms with a \$1,000,000 aggregate limit. The annual rate is stated on the state rate page for the first facility based practice location.
- When a firm has multiple practice locations, and requests General Liability coverage, a \$50 charge per additional practice location will apply.
- When a firm provides home healthcare, staffing or fitness, the annual rate will be 25% of the developed Professional Liability rate, subject to \$150 per policy minimum.
- Other limits are available and associated with the following factors (which are with respect to the \$1M/\$1M rate).

Increased Limit	Increased Limit Factor
\$1,000,000 / \$1,000,000	1.00
\$1,000,000 / \$2,000,000	1.13
\$1,000,000 / \$3,000,000	1.21
\$1,000,000 / \$4,000,000	1.28
\$1,000,000 / \$5,000,000	1.33
\$1,000,000 / \$6,000,000	1.37
\$1,000,000 / \$7,000,000	1.39
\$1,000,000 / \$8,000,000	1.40
\$2,000,000 / \$4,000,000	1.98
\$2,000,000 / \$5,000,000	2.00
\$2,000,000 / \$6,000,000	2.01
\$2,000,000 / \$7,000,000	2.02
\$2,000,000 / \$8,000,000	2.03

American Casualty Company of Reading, PA

Healthcare Providers Service Organization  
Professional Liability  
Illinois

**Actuarial Memorandum**

With this filing, American Casualty Company of Reading, PA ("ACCOR") proposes a number of changes to its professional liability rates for the Healthcare Providers Service Organization program in Illinois. The overall impact of these changes is 0.4%.

Exhibit A attached to this memo provides current and proposed class definitions with their rates for several professions. ACCOR is proposing changes for several professions which are itemized below:

- (1) Massage Therapist (Class VIA) base rate was decreased to \$156/\$182 due to positive experience.
- (2) Corrective Therapist was transferred from Class VIA to Class IXA.
- (3) Class VII was split into two classes, VIIA & VIIB, resulting in a new rate of \$156/\$182 for the Class VIIB.
- (4) Kinesiotherapist from Class VII is now included in Class IX resulting in rate decrease from \$208/\$988 to \$164/\$467.
- (5) Kinesiologist rate was previously \$208/\$988 now changed to \$156/\$182 in VIIB.
- (6) Health Educator rate was previously \$93/\$182 now changed to \$156/\$182 in VIIB.
- (7) The Nurse Practitioners' base rates for all classifications, except the student class, have been increased by 5%. The actuarial development of the indication rate need in Illinois is shown in Exhibit B.

The reason for rate changes (1) to (6) above was due to redefining class of several professions in order to group professions with similar scope of practice and risk. This will enable us to remain competitive with Chicago Insurance Company and Granite States. Also, Exhibit A lists the In-force counts, which is provided to show the number of counts being affected by changes for each profession.

In addition, ACCOR is introducing two new allied healthcare specialties; fitness professionals and physician assistants. Fitness professional and physician assistant are defined as Class VIIB and Class XVI (A, B, C, D) respectively as shown in Exhibit A with their proposed rate. There are currently no individual physician assistants or fitness professionals underwritten by ACCOR. Coverage for fitness professionals will be offered on an occurrence form and on a claims made form for physician assistants. These are new classes for ACCOR so we have no specific class experience upon which to base our rates.

Physician assistants, rates were developed using those available from American International Group, the predominant provider of professional liability coverage to physician assistants, through its relationship with the American Academy of Physician Assistants. The territorial rate differential in select States recognizes risk experience in other programs underwritten by ACCOR HealthPro as well as the physician assistant program provided by AIG.

Finally, ACCOR is adopting the ISO Simplified Class Codes for the product. The rating manual has been updated to reflect this. There is no impact to the insured's because of this coding change.

Revised versions of the countrywide manual pages as well as revised state exception pages, reflecting the changes outlined above are included with this submission.

American Casualty Company of Reading, PA

Exhibit A

Healthcare Providers Service Organization  
Professional Liability

Illinois

Description	Old Class	New Class	Old Rate (Employed / Self- Employed)	New Rate (Employed / Self- Employed)	Employed Counts	Self-Employed Counts	Prior Premium	Estimated Premium	Estimated Impact
Correlative Therapist	VIA	IXA	\$182 / \$988	\$164 / \$467	8	1	\$ 2,444	\$ 1,430	-41.5%
Massage Therapist	VIA	VIA	\$182 / \$988	\$156 / \$182					
Sports Medicine Instructor	VII	VII	\$208 / \$988	\$156 / \$182					
Sports Medicine Therapist	VII	IXA	\$208 / \$988	\$164 / \$467					
Exercise Physiologist	VII	VII	\$208 / \$988	\$156 / \$182	2		\$ 416	\$ 312	-25.0%
Kinesiotherapist	VII	VII	\$208 / \$988	\$156 / \$182					
Personal Trainer, Certified	VII	IXA	\$208 / \$988	\$164 / \$467	1	2	\$ 2,184	\$ 1,098	-49.7%
Health Educator	IIIC	VII	\$208 / \$988	\$156 / \$182	9	4	\$ 5,824	\$ 2,132	-63.4%
Fitness Professional	-	VII	\$93 / \$182	\$156 / \$182	3	3	\$ 825	\$ 1,014	22.9%
Nurse Practitioners: Adult / Geriatric / Family Planning / Gynecology / Women's Health / Adult Oncology	XIA	XIA	\$683 / \$842	\$717 / \$884	120	6	\$ 87,012	\$ 91,344	5.0%
Nurse Practitioners: Psychiatric	XIB	XIB	\$964 / \$1,191	\$1,012 / \$1,251	10	6	\$ 16,786	\$ 17,826	5.0%
Nurse Practitioners: Pediatric / Neonatal / Family Practice / Acute Critical Care	XIC	XIC	\$1,247 / \$1,539	\$1,309 / \$1,616	318	10	\$ 411,936	\$ 432,422	5.0%
Nurse Practitioners: Obstetrics / Gynecology / Perinatal / Acute Care Obstetrics	XID	XID	\$1,530 / \$1,890	\$1,607 / \$1,985	13	0	\$ 19,890	\$ 20,891	5.0%
Physician Assistant Class 1 (ROS)	XVIA	XVIA	\$889 / N/A	\$3,998 / \$3,998					
Physician Assistant Class 2 (ROS)	XVIB	XVIB	\$1,091 / N/A	\$4,998 / \$4,998					
Physician Assistant Class 3 (ROS)	XVIC	XVIC	\$1,309 / N/A	\$5,997 / \$5,997					
Physician Assistant Student (ROS)	XVID	XVID	-	\$156 / N/A					
Physician Assistant Class 1 (Counties)	XVIA	XVIA	\$889 / N/A	\$4,840 / \$4,840					
Physician Assistant Class 2 (Counties)	XVIB	XVIB	\$1,091 / N/A	\$6,050 / \$6,050					
Physician Assistant Class 3 (Counties)	XVIC	XVIC	\$1,309 / N/A	\$7,260 / \$7,260					
Physician Assistant Student (Counties)	XVID	XVID	-	\$156 / N/A					
Statewide Total							\$ 4,875,428	\$ 4,896,380	0.4%

Note: ROS = Remainder of State; Counties = Cook, DuPage, Madison, St.Clair

**Illinois Nurse Practitioners Professional Liability  
Current Rate Level Indication  
Occurrence Experience @ 6/30/06**

**Data at the \$1,000,000 Layer**

Estimated Statewide Loss & LAE Ratio *	1.226
Estimated Countrywide Loss & LAE Ratio *	0.556
Selected Credibility	0.412
Credibility Weighted Loss & LAE Ratio	0.832
Fixed Expense Ratio as a Percentage of Premium	0.031
Variable Expenses as a Percentage of Premium	0.424
Commissions:	40.00%
Premium Tax:	1.89%
Other Expenses:	0.53%
Target Profit Level**	Combined Ratio: 100.7%
	Return on Surplus: 15.0%
Indicated Change	48.1%
<b>Selected Rate Change</b>	<b>5.0%</b>

\* Based on an effective date of 4/1/2007

\*\* Leverage Ratio = 2.2

**Countrywide Excluding Florida Nurse Practitioner Professional Liability**  
**Determination of Expected Loss Ratio**  
**Occurrence Experience Only at the First \$1,000,000 Layer (000's)**

Loss Year	Current Level EP	Selected Ultimate Losses	Selected Ultimate ALAE	Indemnity Trend Factor	ALAE Trend Factor	Frequency Adjustment Factors	Trended Losses	Adjusted Loss Ratio
1996	3,362	1,873	583	1.000	1.205	0.787	2,025	0.602
1997	5,138	1,195	782	1.000	1.186	1.082	2,296	0.447
1998	7,200	2,027	1,118	1.000	1.167	0.842	2,806	0.390
1999	9,316	3,700	1,160	1.000	1.149	1.032	5,196	0.558
2000	11,284	3,800	2,086	1.000	1.131	0.990	6,097	0.540
2001	13,164	3,200	2,650	1.000	1.113	1.205	7,410	0.563
2002	15,851	5,500	3,000	1.000	1.096	1.011	8,886	0.561
2003	17,887	6,200	3,300	1.000	1.078	0.991	9,671	0.541
2004	18,170	6,000	3,500	1.000	1.061	0.890	8,642	0.476
2005	18,610	5,000	2,700	1.000	1.045	1.152	9,012	0.484

\* Trended to Average Accident Date of 4/1/2008

1998-2004	92,870	48,708	0.524
2001-2005	83,681	43,622	0.521
1996-2005	119,981	62,042	0.517

(1) Selected PY 2007 Loss & ALAE Ratio	0.521
(2) Load for ULAE (% of loss)	1.067
(3) Average Premium Modification Factor	1.000
(4) Loss & LAE Ratio	0.556

**Illinois Nurse Practitioners Professional Liability**  
**Determination of Expected Loss Ratio**  
**Occurrence Experience Only at the First \$1,000,000 Layer (000's)**

Loss Year	Current Level EP	Selected Ultimate Losses	Selected Ultimate ALAE	Indemnity Trend Factor	ALAE Trend Factor	Frequency Adjustment Factors	Trended Losses	Adjusted Loss Ratio
1996	35	0	0	1.000	1.205	0.787	0	0.000
1997	63	0	0	1.000	1.186	1.082	0	0.000
1998	101	0	0	1.000	1.167	0.842	0	0.000
1999	141	919	97	1.000	1.149	1.032	1,064	7.553
2000	185	0	51	1.000	1.131	0.990	57	0.310
2001	224	367	97	1.000	1.113	1.205	572	2.553
2002	269	0	0	1.000	1.096	1.011	0	0.000
2003	308	139	262	1.000	1.078	0.991	418	1.358
2004	303	0	7	1.000	1.061	0.890	7	0.023
2005	298	47	35	1.000	1.045	1.152	97	0.325

\* Trended to Average Accident Date of 4/1/2008

1998-2004	1,531	2,118	1.384
2001-2005	1,403	1,094	0.780
1996-2005	1,928	2,216	1.149

(1) Selected PY 2007 Loss & ALAE Ratio	1.149
(2) Load for ULAE (% of loss)	1.067
(3) Average Premium Modification Factor	1.000
(4) Loss & LAE Ratio	1.226



## American Casualty Company of Reading, PA

Healthcare Providers Service Organization  
Professional Liability

## Budgeted Expense Provisions and Permissible Loss &amp; ALAE Ratio

Premium Component	% of Premium
(1) Fixed Expense Ratio as a Percentage of Premium	3.10%
(2) Variable Expense Ratio as a Percentage of Premium	42.42%
Commissions	40.00%
Premium Tax	1.89%
Other Expenses	0.53%
(3) ULAE	6.70%
(4) Underwriting Profit Provision	-0.70%
(5) Total Expenses & Profit Load = (1)+(2)+(3)+(4)	51.52%
(6) Permissible Loss & ALAE Ratio = 1.0 - (5)	48.48%

**American Casualty Company of Reading, PA**  
Healthcare Providers Service Organization  
Professional Liability

Return on Equity/Consideration of Investment Income

Resulting Gross ROE from Input Gross Loss Ratio	
Loss & ALAE Ratio	51.7%
ULAE	6.7%
Expense Ratio	45.5%
Present Value Premium Factor	0.9923
Present Value Loss&ALAE Factor	0.8095
Present Value ULAE Factor	0.8932
Leverage Ratio	2.3
Yield on Capital	4.5%
Percent Investible	70.0%
Tax Rate	35.0%
ROE Based on Loss Ratio	15.0%



April 19, 2007

To: Illinois

Re: IL #06-R2125 Obj #2 .doc

Question:

1. Exhibit B.1. - Please provide the premiums, losses, loss adjustment expenses, trend information, loss development, etc. used to develop the 122.6% statewide loss & lae ratio.

Response:

Exhibits 1 & 2 show the derivation of the countrywide ultimates and the implied development factors. These are applied to the IL losses to determine the IL ultimates. Exhibit 3 has the countrywide severity trend selections. Exhibit 4 has the frequency selection. IL premium is shown in Exhibit 5.

2. Please provide the formula used to calculate the credibility factor of 0.412.

The credibility factor is calculated as follows:

Let  $N$  = # of states, plus DC (51), and  $m$  = # of years (12). Let  $CLEP(i,j)$  = current level earned premium in state  $i$  in year  $j$ ,  $CLEP(i)$  = total current level earned premium in state  $i$ ,  $LR(i,j)$  = loss ratio in state  $i$  in year  $j$ ,  $LR(i)$  = average loss ratio for all years in state  $i$ , and  $LR_{CW}$  = countrywide all-year average loss ratio. Define

$$W = \frac{1}{n-1} \sum_i CLEP(i) \cdot (LR(i) - LR_{CW})^2$$

$$S_2 = \frac{1}{N(m-1)} \sum_i \sum_j CLEP(i,j) \cdot (LR(i,j) - LR(i))^2$$

$$t_2 = \frac{(W - S_2) \sum_i CLEP(i)}{\frac{1}{N-1} ((\sum_i CLEP(i))^2 - \sum_i (CLEP(i))^2)}$$

$$K = \frac{S_2}{t_2}$$

For nurse practitioners, using the credibility formula below, where  $CLEP_{IL} = 1,927,533$  (total Illinois premium from 1994 through 2005) and  $K = 2,751,574$ , we get  $Cred_{IL} = 0.412$ .

$$Cred_{IL} = \frac{CLEP_{IL}}{CLEP_{IL} + K}$$

**Countrywide Excluding Florida Nurse Practitioner Professional Liability  
Occurrence Experience @ 6/30/06  
Indemnity Analysis**

Loss Year	CW Paid Loss	CW Paid LDF	CW Incurred Loss	CW Incurred LDF	CW Case Reserve
1996	1,873	1.100	1,873	1.008	0
1997	969	1.123	1,174	1.018	205
1998	1,330	1.136	1,955	1.037	625
1999	3,053	1.176	4,025	1.076	972
2000	2,467	1.243	4,603	1.187	2,136
2001	978	1.458	3,492	1.295	2,514
2002	2,318	2.160	6,562	1.264	4,243
2003	647	3.089	6,685	1.703	6,038
2004	88	12.106	2,840	4.246	2,752
2005	0	95.247	264	27.778	264

Loss Year	Paid Projection	Incurred Projection	Bornhuetter Fergusson Projection	Stanard-Buhlmann Projection	Avg. Paid On Closed Projection	Implied RN Projection	CW Selected Ultimate	CW Implied LDF	IL Paid Loss	IL Incurred Loss	IL Ultimate Loss
1996	2,060	1,888	1,873	1,887	1,873	1,888	1,873	1.000	0	0	0
1997	1,089	1,195	1,174	1,219	1,259	1,195	1,195	1.018	0	0	0
1998	1,510	2,027	1,664	2,085	1,620	2,027	2,027	1.037	0	0	0
1999	3,238	4,180	3,653	4,360	4,213	3,690	3,700	0.919	1,000	1,000	919
2000	3,066	5,278	4,280	5,504	3,047	3,797	3,800	0.826	0	0	0
2001	1,426	4,524	3,623	5,011	1,993	3,183	3,200	0.916	0	400	367
2002	5,007	8,028	6,528	8,236	4,203	5,485	5,500	0.838	0	0	0
2003	1,998	9,978	8,234	10,421	4,707	6,114	6,200	0.927	0	150	139
2004	1,068	12,061	8,394	9,869	5,743	8,670	6,000	2.112	0	0	0
2005	0	7,334	9,500	9,342	4,785	1,339	5,000	18.937	0	3	47

**Countrywide Excluding Florida Nurse Practitioner Professional Liability  
Occurrence Experience @ 6/30/06  
ALAE Analysis**

Loss Year	CW Paid ALAE	CW ALAE Dev. Fctr.	Paid ALAE Projection	Incram. Pd-to-Pd Projection	Standard- Buhlmann Projection	Avg. Paid On Closed Projection	CW Selected Ultimate	CW Implied LDF	IL Paid ALAE	IL Ultimate ALAE
1996	542	1.075	583	542	610	542	583	1.075	0	0
1997	715	1.094	782	807	769	860	782	1.094	0	0
1998	1,003	1.115	1,118	1,285	1,112	1,148	1,118	1.115	0	0
1999	1,001	1.159	1,160	1,263	1,268	1,581	1,160	1.159	83,617	96,909
2000	1,642	1.271	2,086	2,259	2,067	1,932	2,086	1.271	40,337	51,262
2001	1,953	1.434	2,801	2,961	2,462	2,461	2,650	1.357	71,650	97,210
2002	1,620	1.872	3,032	3,097	2,965	2,562	3,000	1.852	0	0
2003	836	3.394	2,836	4,067	3,132	2,866	3,300	3.949	66,411	262,280
2004	490	11.233	5,505	3,895	3,360	3,318	3,500	7.141	1,033	7,377
2005	81	132.622	10,696	2,953	2,686	2,473	2,700	33.478	1,056	35,353

**Countrywide Excluding Florida Nurse Practitioner Professional Liability  
Occurrence Experience @ 6/30/06**

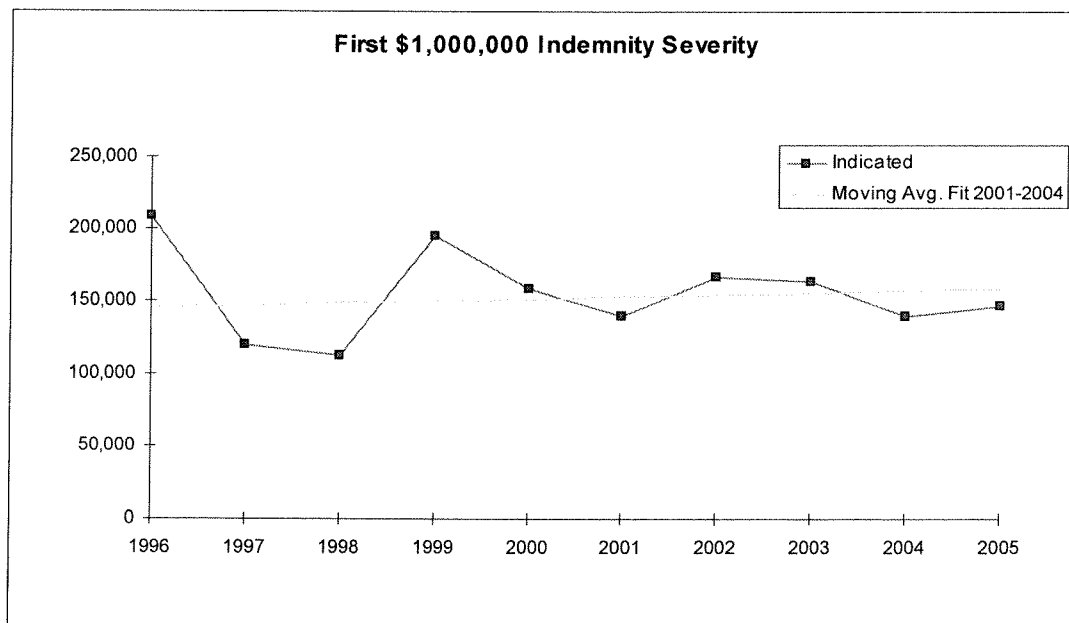
**First \$1,000,000 Indemnity Severity Analysis**

Loss Year	Indicated Severity	2 Yr Moving Average	Fit to Moving Average 2001-2004
1996	208,094		145,761
1997	119,483	161,457	147,117
1998	112,613	115,067	148,486
1999	194,737	154,785	149,867
2000	158,333	174,419	151,261
2001	139,130	148,936	152,669
2002	166,667	155,357	154,089
2003	163,158	164,789	155,523
2004	139,535	150,617	156,970
2005	147,059	142,857	158,430

2001-2004 Fit to Moving Average	
Trend:	0.9%
R-Squared:	0.070
F-statistic:	0.150

**Selected Trend**

0.0%



**Countrywide Excluding Florida Nurse Practitioner Professional Liability  
Occurrence Experience @ 6/30/06**

**ALAE Severity Analysis**

Loss Year	Indicated Severity	2 Yr Moving Average	Fit to Exponential Average 2000-2004	Fit to Exponential Average 2000-2004
1996	27,385		25,644	22,869
1997	28,256	27,877	25,870	23,441
1998	23,583	25,306	26,099	24,028
1999	21,709	22,590	26,329	24,629
2000	25,494	23,999	26,562	25,245
2001	26,905	26,265	26,797	25,876
2002	30,035	28,481	27,033	26,524
2003	25,722	27,610	27,272	27,187
2004	27,246	26,484	27,513	27,867
2005	18,621	22,672	27,756	28,564

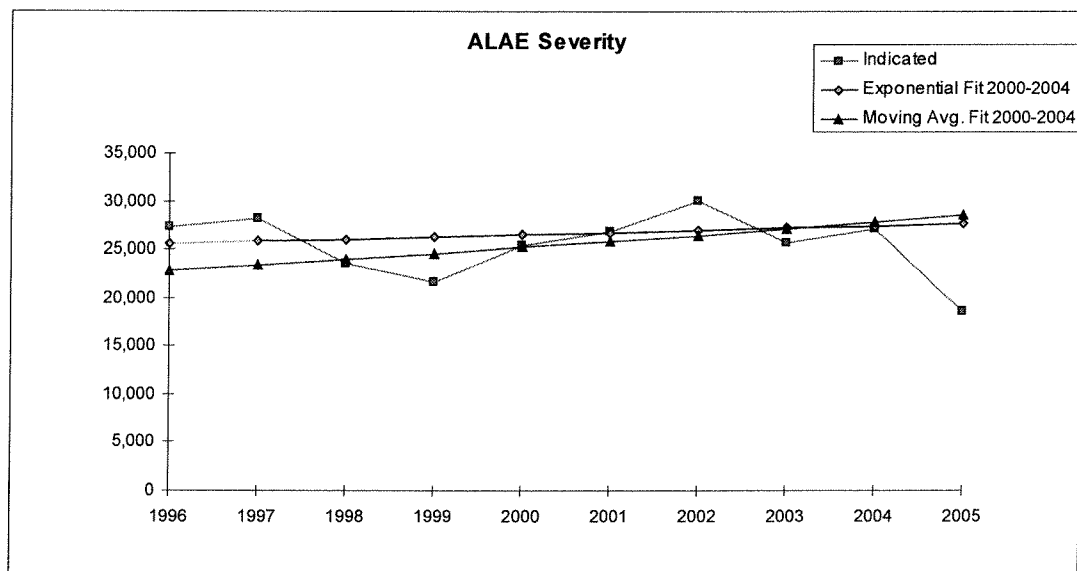
2000-2004 Exponential Fit	
Trend:	0.9%
R-Squared:	0.045
F-statistic:	0.142

2000-2004 Fit to Moving Average	
Trend:	2.5%
R-Squared:	0.364
F-statistic:	1.714

Selected Trend

1.6%



**Countrywide Excluding Florida Nurse Practitioner Professional Liability  
Occurrence Experience @ 6/30/06**

**Frequency Analysis**

Loss Year	(1) Selected Incurred Counts	(2) CLEP/\$1000	(3) Frequency per Unit of CLEP	(4) Frequency Adjustment Factor Select. Freq./((3)
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1996	9	3,362	2.677	0.787
1997	10	5,138	1.946	1.082
1998	18	7,200	2.500	0.842
1999	19	9,316	2.039	1.032
2000	24	11,284	2.127	0.990
2001	23	13,164	1.747	1.205
2002	33	15,851	2.082	1.011
2003	38	17,887	2.124	0.991
2004	43	18,170	2.367	0.890
2005	34	18,610	1.827	1.152

1999 - 2005	214	104,281	2.052
2000 - 2005	195	94,965	2.053
2001 - 2004	137	65,071	2.105
2003 - 2005	115	54,667	2.104

Selected:	2.105
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Exhibit 5

Loss Year	IL	IL
	Earned Premium	Current Level Earned Premium
1996	15,771	35,408
1997	27,100	62,857
1998	42,535	100,631
1999	62,104	140,854
2000	83,664	184,969
2001	101,881	224,074
2002	130,001	269,313
2003	181,170	307,970
2004	229,755	303,050
2005	265,485	298,407